

**SCHOOL DISTRICT OF THE
BOROUGH OF RINGWOOD
COUNTY OF PASSAIC, NEW JERSEY
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**BOARD OF EDUCATION
BOROUGH OF RINGWOOD
STATE OF NEW JERSEY**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2016

PREPARED BY

**WARREN MITCHELL
BUSINESS ADMINISTRATOR, BOARD SECRETARY**

OUTLINE OF CAFR

INTRODUCTORY SECTION

Letter of Transmittal	1
Table of Organization	5
Roster of Officials	6
Consultants and Advisors	7

FINANCIAL SECTION

Independent Auditor's Report	8
Required Supplementary Information - Part I Management's Discussion and Analysis	12

BASIC FINANCIAL STATEMENTS

A. District-wide Financial Statements:

A-1 Statement of Net Position	24
A-2 Statement of Activities	25

B. Fund Financial Statements:

Governmental Funds:

B-1 Balance Sheet	26
B-2 Statement of Revenues, Expenditures and Changes in Fund Balances	27
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	28

Proprietary Funds:

B-4 Statement of Net Position	29
B-5 Statement of Revenues, Expenses and Changes in Fund Net Position	30
B-6 Statement of Cash Flows	31

Fiduciary Funds:

B-7 Statement of Fiduciary Net Position	32
B-8 Statement of Changes in Fiduciary Net Position	33

Notes to the Financial Statements	34
---	----

Required Supplementary Information - Part II

OUTLINE OF CAFR

C. Budgetary Comparison Schedules:

C-1	Budgetary Comparison Schedule - General Fund	69
C-1a	Not Applicable	
C-1b	Not Applicable	
C-2	Budgetary Comparison Schedule - Special Revenue Fund	80

Notes to the Required Supplementary Information

C-3	Budgetary Comparison Schedule	81
-----	---	----

Required Supplementary Information - Part III

L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)

L-1	Schedule of the District's Proportionate Share of the Net Pension Liability – PERS	82
L-2	Schedule of District Contributions – PERS	83
L-3	Schedule of the District's Proportionate Share of the Net Pension Liability – TPAF	84
L-4	Notes to Requires Schedules of Supplementary Information - Part III	85

Other Supplementary Information

D. School Level Schedules:

Not Applicable

E. Special Revenue Fund:

E-1	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	86
E-1a	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	87
E-1b	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	88
E-1c	Combining Schedule of Program Revenues and Expenditures - Budgetary Basis	89
E-2	Not Applicable	
E-3	Not Applicable	
E-4	Not Applicable	
E-5	Not Applicable	

OUTLINE OF CAFR

F. Capital Projects Fund:

F-1	Summary Schedule of Project Expenditures	90
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary	91
F-2a	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Eleanor G. Hewitt School Renovation	92
F-2b	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Boiler Replacement - M.J. Ryerson Middle School	93
F-2c	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Boiler Replacement - Peter Cooper Elementary School	94
F-2d	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis -Boiler- Robert Erskine Elementary School School	95
F-2e	Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis - Window Replacement - M.J. Ryerson Middle School	96

G. Proprietary Funds:

Enterprise Fund:

G-1	Combining Statement of Net Position	97
G-2	Combining Statement of Revenues, Expenses and Changes in Fund Net Position ...	98
G-3	Combining Statement of Cash Flows	99

Internal Service Fund:

Not Applicable

H. Fiduciary Funds:

H-1	Combining Statement of Fiduciary Net Position	100
H-2	Combining Statement of Changes in Fiduciary Net Position	101
H-3	Student Activity Agency Fund - Schedule of Receipts and Disbursements	102
H-4	Payroll Agency Fund - Schedule of Receipts and Disbursements	103

I. Long-Term Debt:

I-1	Schedule of Bonds Payable	104
I-2	Statement of Obligations under Capital Leases	106
I-3	Debt Service Fund Budgetary Comparison Schedule	107

OUTLINE OF CAFR

J. Statistical Section (Unaudited):

Financial Trends

J-1	Net Position by Component	108
J-2	Changes in Net Position	109
J-3	Fund Balances - Governmental Funds	111
J-4	Changes in Fund Balances - Governmental Funds	112
J-5	General Fund Other Local Revenue by Source	113

Revenue Capacity

J-6	Assessed Value and Estimated Actual Value of Taxable Property	114
J-7	Direct and Overlapping Property Tax Rates	115
J-8	Principal Property Taxpayers	116
J-9	Property Tax Levies and Collections	117

Debt Capacity

J-10	Ratios of Outstanding Debt by Type	118
J-11	Ratios of Net General Bonded Debt Outstanding	119
J-12	Direct and Overlapping Governmental Activities Debt	120
J-13	Legal Debt Margin Information	121

Demographic and Economic Information

J-14	Demographic and Economic Statistics	122
J-15	Principal Employers	123

Operating Information

J-16	Full-time Equivalent District Employees by Function/Program	124
J-17	Operating Statistics	125
J-18	School Building Information	126
J-19	Schedule of Required Maintenance for School Facilities	127
J-20	Insurance Schedule	128

K. SINGLE AUDIT SECTION

K-1	Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	129
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OUTLINE OF CAFR

K-2	Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with the Uniform Guidance and N.J. OMB Circular 15-08	131
K-3	Schedule of Expenditures of Federal Awards - Schedule A	134
K-4	Schedule of State Financial Assistance - Schedule B	135
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	136
K-6	Schedule of Findings and Questioned Costs	138
K-7	Summary Schedule of Prior-Year Audit Findings and Questioned Costs	141

RINGWOOD PUBLIC SCHOOLS

121 CARLETONDALE ROAD
RINGWOOD, NJ 07456



Warren C. Mitchell, Business Administrator/Board Secretary
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November 2, 2016

Ringwood Board of Education
Ringwood Public Schools
121 Carletondale Road
Ringwood, New Jersey 07456

Dear Board Member:

The comprehensive annual financial report of the Ringwood Public Schools for the fiscal year ended June 30, 2016 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter and the District's list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provision of the Single Audit Act of 1984 and "US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)". "Audits of State and Local Governments," and the State Treasury Circular Letter 15-08 OMB, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments." Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1. **REPORT ENTITY AND ITS SERVICES:** Ringwood School District is an independent reporting entity within the criteria adopted by the GASB as established by GASB Statement No. 14. All funds and account groups of the District are included in this report. The Ringwood Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels K through 8. These include regular as well as special education for handicapped youngsters. The District completed the 2015-16 fiscal year with an average daily enrollment of 1,203 students, which is a decrease over the previous year's enrollment. The following details the changes in the student enrollment of the District over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2015-16	1,203	(2.36%)
2014-15	1,232	.5%
2013-14	1,226	(2.39%)
2012-13	1,256	(.24%)
2011-12	1,259	(1.72%)
2010-11	1,281	(2.65%)
2009-10	1,316	(3.80%)
2008-09	1,368	(.29%)
2007-08	1,372	(2.8%)
2006-07	1,412	(1.3%)

2. **ECONOMIC CONDITION AND OUTLOOK:**

The community appears to have maintained the same level of development as in the previous year.

3. **MAJOR INITIATIVES:**

- 1) The district adopted two new math series and we continue to implement the strategies. Grades K-5 used the My Math series while the middle school opted for the Go Math series.
- 2) The district offered an Academic Coaching Academy for students identified for further need for PARCC preparation.
- 3) The district purchased iPads and Chromebooks for teachers and students to use to enhance instruction and apps have been reviewed for class use.
- 4) Writing folders were implemented in all grades to support student writing practice in alignment with the Common Core Content Standards.
- 5) District Curriculum Committees were redesigned and meetings were held under the direction of the Assistant Superintendent in charge of Curriculum and Instruction.
- 6) The Stronge Teacher Evaluation Model and My Learning Plan were employed to assess and record teacher and administration evaluations. All evaluations were submitted through NJSMART.
- 7) STAR Assessments and Study Island software continue to be utilized as formative assessments to assess students and direct the flow of classroom instruction.
- 8) Grades 4-8 have adopted a new Social Studies textbook which uses technology instruction as a vital component.
- 9) Grades 6-8 science teachers are implementing the Next Generation Science Standards especially in Grade 6. Grades K-5 are beginning the process of reviewing and placing into practice the Next Generation Science Standards.
- 10) The district is implementing Close Reading and Guided Reading strategies throughout the 2016-2017 school year.
- 11) Updated substitute handbook and meeting with district substitutes.
- 12) Grades 6, 7, and 8 will be implementing the The Teachers' College Writing Project during the 16-17 School Year.
- 13) The district is creating a solid mentoring program by training both mentors and teachers.

4. **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District Management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5. **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund and the special revenue fund. The final budget amount as amended for the fiscal year reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriation of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reserves of fund balance at June 30, 2016.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements"

7. **DEBT ADMINISTRATION:** As of June 30, 2016 the Ringwood Board of Education had outstanding qualifying Debt Service, in the amount of \$10,605,000.

8. **CASH MANAGEMENT:** The investment policy of the District is guided in large part by State Statute as detailed in "Notes to the Financial Statements", Note 2. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9. **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard, pollution, flood, and fire insurance on property and contents, and fidelity bonds. The district continues to closely monitor insurance premiums and works collaboratively with carriers to reduce exposure in workers' compensation claims and promote a return to work program of light duty. Insurance premiums have remained stable and the district has been spared any significant increases.

10. **OTHER INFORMATION:** A) Independent Audit - State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Ferraioli, Wielkotz, Cerullo & Cuva was selected by the Board's finance committee. In addition to meeting the requirements set forth in State statutes, the audit also was designed to meet the requirements of the Single Audit Act of 1984 and the related "US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and State Treasury Circular Letter 15-08 OMB. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

11. **ACKNOWLEDGMENTS:** We would like to express our appreciation to the members of the Ringwood School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operations. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

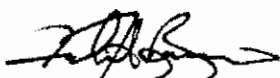
12. **SERVICE EFFORTS AND ACCOMPLISHMENTS:** Tri-District Board of Education Committees composed of members from the Ringwood, Lakeland Regional High School, and Wanaque Boards of Education again, during the 2015-2016 school year, held several collaborative meetings in which the districts continued to identify areas of common needs and goals. The districts are continuing their efforts along the lines of curriculum articulation and organizing common professional development experiences for the staff of the three districts.

An offshoot of transportation shared services has been the district's Transportation Efficiency Rating which is first in Passaic County. The transportation revenue is down over prior years as the high school district is handling more of their athletics trips.

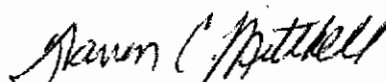
Practice drills at each school location to ensure preparedness for "emergency situations" such as fire drills, lock down drills, and school bus evacuation drills in the schools were continued. Close communication with the Ringwood Police Department and Ringwood Fire Department was maintained.

13. **MAJOR OPERATIONS OR FINANCIAL CONCERNS:** The district Facilities Committee examined the options for long range facilities needs and continues to work with the Board and community.

Respectfully submitted,

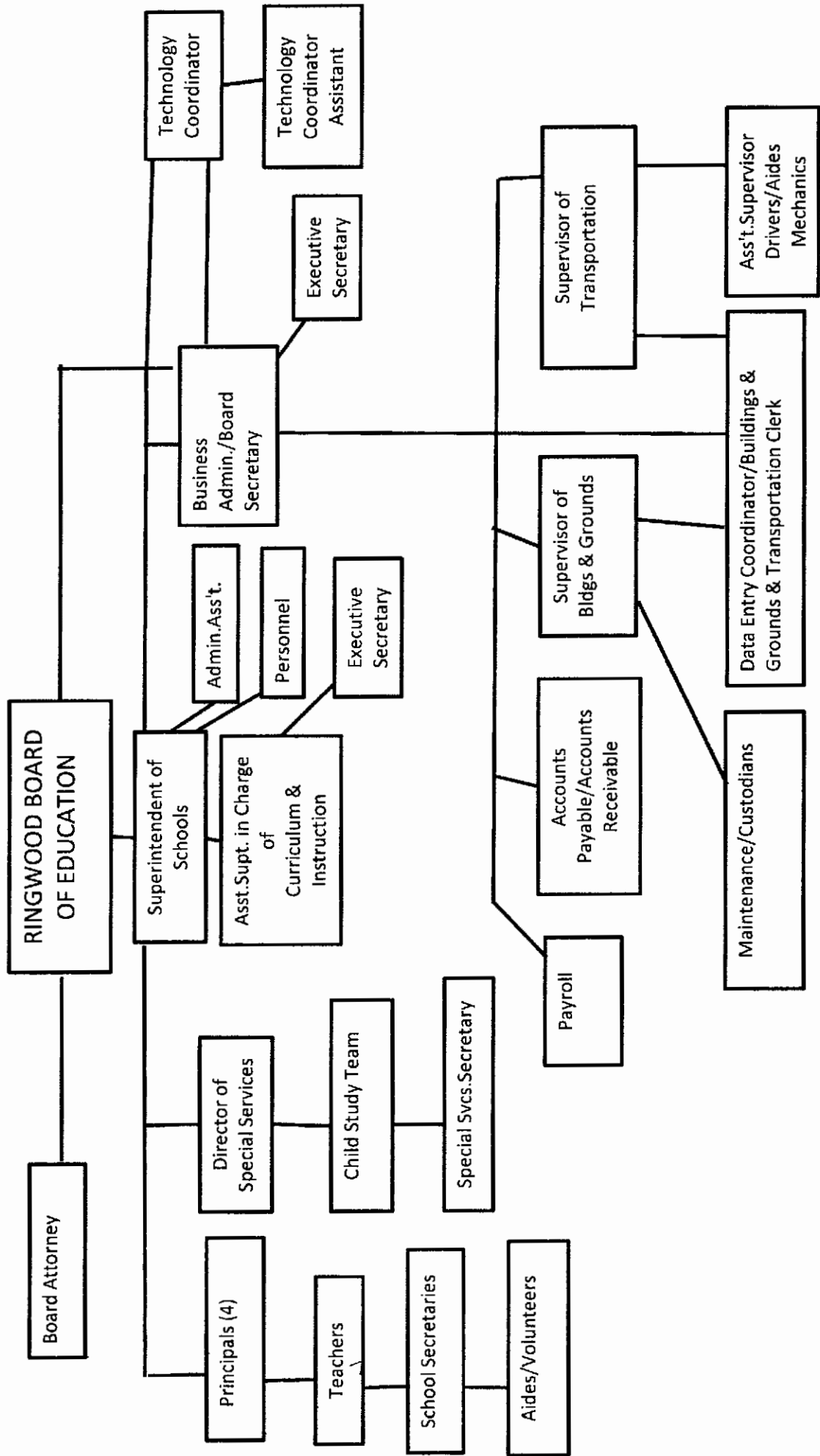


Dr. Nicholas Bernice
Superintendent



Warren C. Mitchell
Business Administrator/
Board Secretary

Ringwood Public Schools Table of Organization



RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

ROSTER OF OFFICIALS

June 30, 2016

Members of the Board of Education

Term Expires

Allison Beesley, Trustee	2017
Cheryl Botsolas, Vice President	2016
Jenny Brown, Trustee	2018
Torrence E. Burrowes, III, Trustee	2018
Cynthia Carey, Trustee	2016
Raymond Dwyer, President	2018
Ashley Holton, Trustee	2017
Zachary Kolstein, Trustee	2016
Mary Kunert, Trustee	2017

Other Officials

Dr. Nicholas Bernice, Superintendent

Warren C. Mitchell, School Business Administrator/Board Secretary

Gail Bado, Treasurer

RINGWOOD BOARD OF EDUCATION

121 Carletondale Road
Ringwood, New Jersey 07456

CONSULTANTS AND ADVISORS

Audit Firm

Ferraioli, Wielkotz, Cerullo & Cuva
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Pompton Lakes, NJ 07442

Attorney

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Adams Gutierrez & Lattiboudere, LLC
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Newark, NJ 07102

Official Depository

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166 Changebridge Road
Montville, NJ 07045

Ferraioli, Wielkotz, Cerullo & Cuva, P.A.

Charles J. Ferraioli, Jr., MBA, CPA, RMA
Steven D. Wielkotz, CPA, RMA
James J. Cerullo, CPA, RMA
Paul J. Cuva, CPA, RMA
Thomas M. Ferry, CPA, RMA

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Newton, NJ 07860
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INDEPENDENT AUDITOR'S REPORT

Honorable President and
Members of the Board of Education
Ringwood School District
County of Passaic, New Jersey

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Board of Education of the Ringwood School District, in the County of Passaic, State of New Jersey, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.



Honorable President and
Members of the Board of Education
Page 2.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Borough of Ringwood Board of Education, in the County of Passaic, State of New Jersey, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Information and Schedules Related to Accounting and Reporting for Pensions identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Honorable President and
Members of the Board of Education
Page 3.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Borough of Ringwood Board of Education's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 and the introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information listed in the table of contents, schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the schedule of expenditures of state financial assistance as required by NJ OMB 15-08 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section, financial schedules and statistical data section has not been subject to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2016 on our consideration of the Borough of Ringwood Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to



Honorable President and
Members of the Board of Education
Page 4.

describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Borough of Ringwood Board of Education's internal control over financial reporting and compliance.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 2, 2016



RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

As management of the Ringwood Board of Education (the “School District”), we offer readers of the School District’s financial statements this narrative overview and analysis of the financial activities of the Ringwood Board of Education for the fiscal year ended June 30, 2016.

The Management’s Discussion and Analysis is provided at the beginning of the audit to provide in layman’s terms the past and current position of the School District’s financial condition. This summary should not be taken as a replacement for the audit which consists of the financial statements and other supplemental information that presents all the School District’s revenues and expenditures by program for the General Fund, Special Revenue Fund, and Enterprise Fund. The NJ Department of Education has elected to require districts to treat each governmental fund as a major fund.

FINANCIAL HIGHLIGHTS

- In total, net position decreased \$197,929, net position of governmental activities decreased \$196,106 while net position of business-type activity decreased by \$1,823.
- General revenues accounted for \$27,064,733 in revenue or 95 percent of all governmental activity revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$1,347,328 or 5 percent of total revenues of \$28,412,061.
- Total assets of governmental activities decreased by \$491,459 as cash and cash equivalents decreased by \$1,228,479, receivables increased by \$318,936, and capital assets increased by \$418,084.
- The School District had \$29,086,392 in expenses; only \$1,823,604 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily grants, entitlements and property taxes) of \$27,064,859 were not adequate to provide for these programs.

RINGWOOD BOARD OF EDUCATION

MANAGEMENT DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2016 (UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR)

This discussion and analysis is intended to serve as an introduction to the Ringwood Board of Education's basic financial statements. The Ringwood Board of Education's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

These statements are designed to provide readers with a broad overview of the Ringwood Board of Education's finances, in a manner similar to a private-sector business. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net position presents information on all of the Ringwood Board of Education's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Ringwood Board of Education is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. The causes of change may be the result of many factors, some financial and some not. Non-financial factors include the District's property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods. Program revenues are revenues generated by an activity's fees and charges or are received as operating or capital grants specifically for a certain function. Most of the General Revenues are property taxes and unrestricted aid from other governments –i.e., Equalization Aid, Transportation Aid, Special Education Aid, Security Aid, Adjustment Aid, etc.

Both of the government-wide financial statements distinguish functions of the Ringwood Board of Education that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Ringwood Board of Education include instruction and support services, operations and maintenance of plant facilities, pupil transportation and extracurricular activities. The business-type activities of the School District are provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service, Safety Town and Summer Music Program enterprise funds are reported as business activities.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), (continued)

Reporting the District's Most Significant Funds

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Ringwood Board of Education, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District uses many funds to account for a multitude of financial transactions. All of these governmental funds of the School District can be divided into five categories: General Fund, Special Revenue Fund, Capital Projects Fund, Debt Service Fund and Permanent Fund.

Governmental Funds

The District's activities are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information may be useful in evaluating a District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The Ringwood Board of Education maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Revenue Fund, Capital Projects Fund and Debt Service Fund, which are all considered to be major funds.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

USING THIS COMPREHENSIVE ANNUAL FINANCIAL REPORT (CAFR), (continued)

Enterprise Funds

The Ringwood Board of Education maintains three enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the District-wide financial statements. The Ringwood Board of Education uses the enterprise fund to account for its food service program, its summer music program and its safety town program.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the District-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning budgetary information for the District's major funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Net position may serve over time as a useful indicator of a government's financial position.

The School District's net position was \$(6,868,956) at June 30, 2016. Of this amount \$(9,291,763) was unrestricted balances. Restricted items of net position are reported separately to show legal constraints that limit the School District's ability to use those items of net position for day-to-day operations. Our analysis on the next page focuses on the net position (Table 1) and change in net position (Table 2) of the School District. Table 1 provides a summary of the School District's net position for 2016 and 2015.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 1

Net Position
June 30, 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current and Other Assets	2,545,462	3,455,005	92,331	95,252	2,637,793	3,550,257
Capital Assets	<u>12,063,890</u>	<u>11,645,806</u>	<u>37,550</u>	<u>39,482</u>	<u>12,101,440</u>	<u>11,685,288</u>
Total Assets	<u>14,609,352</u>	<u>15,100,811</u>	<u>129,881</u>	<u>134,734</u>	<u>14,739,233</u>	<u>15,235,545</u>
Deferred Outflows of Resources	<u>1,995,605</u>	<u>667,590</u>	_____	_____	<u>1,995,605</u>	<u>667,590</u>
Total Deferred Outflows of Resources	<u>1,995,605</u>	<u>667,590</u>	_____	_____	<u>1,995,605</u>	<u>667,590</u>
Current Liabilities	1,188,602	669,861	35,838	38,868	1,224,440	708,729
Noncurrent Liabilities						
Bonds Payable	10,605,000	11,155,000			10,605,000	11,155,000
Obligations Under Capital Leases	825,395	1,395,748			825,395	1,395,748
Net Pension Liability PERS	10,468,285	8,480,339			10,468,285	8,480,339
Compensated Absences Payable	<u>249,542</u>	<u>251,992</u>	_____	_____	<u>249,542</u>	<u>251,992</u>
Total Liabilities	<u>23,336,824</u>	<u>21,952,940</u>	<u>35,838</u>	<u>38,868</u>	<u>23,372,662</u>	<u>21,991,808</u>
Deferred Inflows of Resources	<u>231,132</u>	<u>582,354</u>	_____	_____	<u>231,132</u>	<u>582,354</u>
Total Deferred Inflows of Resources	<u>231,132</u>	<u>582,354</u>	_____	_____	<u>231,132</u>	<u>582,354</u>
Net Position						
Invested in Capital Assets						
Net of Debt	633,495	(904,942)	37,550	39,482	671,045	(865,460)
Restricted	1,751,762	3,156,626			1,751,762	3,156,626
Unrestricted	<u>(9,348,256)</u>	<u>(9,018,577)</u>	<u>56,493</u>	<u>56,384</u>	<u>(9,291,763)</u>	<u>(8,962,193)</u>
Total Net Position	<u>(6,962,999)</u>	<u>(6,766,893)</u>	<u>94,043</u>	<u>95,866</u>	<u>(6,868,956)</u>	<u>(6,671,027)</u>

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Table 2 below show the changes in net position for the fiscal year 2016 and 2015.

Table 2
Changes in Net Position
Year Ended June 30, 2016

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>2016</u>	<u>Total</u>	<u>2015</u>
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>			
Revenues							
<u>Program Revenues:</u>							
Charges for Services & Sales			372,666	341,883	372,666		341,883
Operating Grants & Contributions	1,347,328	1,323,147	103,610	106,084	1,450,938		1,429,231
<u>General Revenues:</u>							
<u>Taxes:</u>							
Local Property Taxes	18,254,173	17,884,484			18,254,173		17,884,484
Federal & State Aid Not Restricted	7,557,395	6,424,029			7,557,395		6,424,029
Miscellaneous Income	<u>1,253,165</u>	<u>1,529,972</u>	<u>126</u>	<u>22</u>	<u>1,253,291</u>		<u>1,529,994</u>
Total Revenues	<u>28,412,061</u>	<u>27,161,632</u>	<u>476,402</u>	<u>447,989</u>	<u>28,888,463</u>		<u>27,609,621</u>

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Functions/Program Expenses						
<u>Instruction:</u>						
Regular	8,419,710	8,337,825			8,419,710	8,337,825
Special Education	3,589,287	3,616,889			3,589,287	3,616,889
Other Special Instruction	252,965	261,340			252,965	261,340
Other Instruction	33,978	25,238			33,978	25,238
<u>Support Services:</u>						
Tuition, Student and Instruction Related Services	3,292,666	3,224,642			3,292,666	3,224,642
School Administrative Services	824,357	797,930			824,357	797,930
General Administrative Services	458,785	456,353			458,785	456,353
Central Service	330,748	334,223			330,748	334,223
Admin. Info. Tech.	68,578	67,962			68,578	67,962
Plant Operations and Maintenance	1,953,042	2,040,536			1,953,042	2,040,536
Pupil Transportation	1,876,856	1,769,348			1,876,856	1,769,348
Unallocated Benefits	6,282,031	5,091,191			6,282,031	5,091,191
Capital Outlay - Non- Depreciable	158,006	30,633			158,006	30,633
Unallocated Depreciation	685,192	809,875			685,192	977,285
Interest on Long-Term Debt	381,966	381,359			381,966	381,359
Food Services			<u>478,225</u>	<u>455,756</u>	<u>478,225</u>	<u>455,756</u>
Total Expenses and Transfers	<u>28,608,167</u>	<u>27,412,754</u>	<u>478,225</u>	<u>455,756</u>	<u>29,086,392</u>	<u>27,868,510</u>
Increase or (Decrease) in Net Position	<u>(196,106)</u>	<u>(83,712)</u>	<u>(1,823)</u>	<u>(7,767)</u>	<u>(197,929)</u>	<u>1,268,231</u>

As reported in the Statement of Activities, the cost of all of our governmental and business-type activities this year was \$29,086,392.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

GOVERNMENT-WIDE FINANCIAL ANALYSIS (continued)

Business-Type Activities

Revenues for the District's business type activities (food service, summer music and safety town programs) were comprised of charges for services and federal and state reimbursements.

- Expenditures exceeded revenues by \$1,823 (loss).
- Charges for services represent \$372,666 of revenue. This represents the amounts paid by patrons for daily food service, and amounts charged to attend the District's Safety Town and Summer Music Programs.
- Federal and state reimbursement for meals, including payments for free and reduced lunches and free milk, and donated commodities was \$103,610.

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS

The School District's budgets are prepared according to New Jersey law. The most significant budgeted funds are the general fund and the special revenue fund.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. The net cost shows the financial burden that was placed on the District's taxpayers by each of these functions.

Table 3

	<u>Total Cost of Services 2016</u>	<u>Total Cost of Services 2015</u>	<u>Net Cost of Services 2016</u>	<u>Net Cost of Services 2015</u>
Instruction	12,295,940	12,241,292	11,834,278	11,728,603
Support Services:				
Pupils and Instructional Staff	3,292,666	3,224,642	3,116,916	3,118,876
General Administration, School Administration, Business Operation and Maintenance of Facilities	3,635,510	3,697,004	3,635,510	3,697,004
Pupil Transportation	1,876,856	1,769,348	1,216,275	1,108,767
Other	<u>7,507,195</u>	<u>6,313,058</u>	<u>7,457,860</u>	<u>6,268,947</u>
Total Expenses	<u>28,608,167</u>	<u>27,245,344</u>	<u>27,260,839</u>	<u>25,922,197</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student, including extracurricular activities.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students, including curriculum and staff development.

General administration, school administration, and business includes expenses associated with administrative and financial supervision of the District.

RINGWOOD BOARD OF EDUCATION
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)

MAJOR GOVERNMENTAL FUNDS BUDGETING AND OPERATING HIGHLIGHTS (continued)

Operation and maintenance of facilities involve keeping the school grounds, buildings, and equipment in an effective working condition and in compliance with NJDEP, PEOSH and all applicable statutes.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Interest on debt involves the transactions associated with the payment of interest and other related charges to debt of the School District.

“Other” includes special schools and unallocated depreciation.

Over the course of the year, the District revised the annual operating budget several times. Revisions in the budget were made to recognize revenues that were not anticipated and to prevent over-expenditures in specific line item accounts. Several of these revisions bear notation:

- Extraordinary Aid is state aid for special education students whose individual program costs exceed \$40,000 per year. Although additional Extraordinary Aid was ultimately awarded in the amount of \$105,519, as of the writing of this report, the funds were not yet received. More than likely, the grant will be used to increase the special education tuition budget to offset unanticipated out-of-district placements.
- Reimbursement of Nonpublic School Transportation costs in the amount of \$9,725 was received.
- TPAF, which is the state’s contribution to the pension fund, is neither a revenue item nor an expenditure item to the district, but is required to be reflected in the financial statements.
- Staff members who retired from the district were replaced with staff members at lower salary levels. The breakage from salaries funded a number of accounts which had been under-budgeted, such as contracted transportation and paraprofessionals.

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2016 the School District had \$22,063,151 invested in sites, buildings, and equipment. Of this amount \$9,961,711 in depreciation has been taken over the years. We currently have a net book value of \$12,101,440. Total additions for the year were \$1,103,276, the majority of which was for equipment purchases and improvements to District facilities, the leasing of school buses, and copiers. Table 3 shows fiscal year 2016 balances compared to 2015.

Table 3

**Capital Assets at June 30, 2016
(Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land, Buildings and Improvements	10,604,060	10,127,300			10,604,060	10,127,300
Furniture, Equipment and Vehicles	1,459,830	1,518,506	37,550	39,482	1,497,380	1,557,988
Construction in Progress	_____	_____	_____	_____	_____	_____
Total Net Assets	<u>12,063,890</u>	<u>11,645,806</u>	<u>37,550</u>	<u>39,482</u>	<u>12,101,440</u>	<u>11,685,288</u>

Debt Administration

At June 30, 2016, the District had \$22,148,222 in outstanding debt. Of this amount, \$249,542 is for compensated absences, \$825,395 is for capital lease obligations, \$10,605,000 is serial bonds payable, and \$10,468,285 is the District's net pension liability.

Table 4

Outstanding Serial Bonds at June 30, 2016

	<u>2016</u>	<u>2015</u>
School Bonds - Series 2008	755,000	845,000
School Bonds - Series 2011	<u>9,850,000</u>	<u>10,310,000</u>
	<u>10,605,000</u>	<u>11,155,000</u>

RINGWOOD BOARD OF EDUCATION

**MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(UNAUDITED)**

ECONOMIC FACTORS AND NEXT YEARS' BUDGETS

The district state aid funding is projected to remain flat. However, there have been discussions about the state rerunning the funding formula for the 2017-2018 budget year. If this should occur, some districts will see an increase in their state aid and other districts will see a decrease in state aid depending on how their student enrollment has been trending over the last few years. We are anticipating funding for the 2017-2018 school year to be \$2,907,857. The District's boiler replacement project at the Peter Cooper, Robert Erskine and M.J. Ryerson Schools have been completed. The District will have to hire a Spanish Teacher for the elementary schools. The District realized excess surplus for the 2016-2017 budget of \$615,233. The District anticipates no excess surplus for the 2017-2018 budget which will present a major problem for the District. The District will face major hurdles for the 2017-2018 school year to maintain staffing and programs at the current levels.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Mr. Warren Mitchell
School Business Administrator/BS
Ringwood Board of Education
121 Carletondale Road
Ringwood, NJ 07456

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Position
June 30, 2016

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 1,137,115	\$ 87,219	\$ 1,224,334
Receivables, net	622,373	-	622,373
Due from other funds	9		9
Internal balances	(2,169)	2,169	-
Inventory		2,943	2,943
Restricted assets:			
Cash and cash equivalents	788,134		788,134
Capital assets; net			
Land/Construction in Process	329,940		329,940
Other Capital Assets, Net	11,733,950	37,550	11,771,500
Total Assets	<u>14,609,352</u>	<u>129,881</u>	<u>14,739,233</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources Related to PERS	<u>1,995,605</u>		<u>1,995,605</u>
LIABILITIES			
Accounts payable and accrued liabilities	1,104,386	35,838	1,140,224
Payable to state government	69,413		69,413
Advanced revenue	14,803		14,803
Noncurrent liabilities:			
Due within one year	843,610		843,610
Due beyond one year	21,304,612		21,304,612
Total liabilities	<u>23,336,824</u>	<u>35,838</u>	<u>23,372,662</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources Related to PERS	<u>231,132</u>		<u>231,132</u>
NET POSITION			
Invested in capital assets, net of related debt	633,495	37,550	671,045
Restricted for:			
Capital projects	782,696		782,696
Debt Service	1,010		1,010
Other purposes	968,056		968,056
Unrestricted	(9,348,256)	56,493	(9,291,763)
Total net position	<u>\$ (6,962,999)</u>	<u>\$ 94,043</u>	<u>\$ (6,868,956)</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Activities
For the Year Ended June 30, 2016

Functions/Programs	Expenses	Indirect Expense Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
			Charges for Services	Operating Grants and Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
Instruction:							
Regular	\$ 6,874,108	\$ 1,545,602	\$ -	\$ 461,662	\$ (7,958,048)	\$ -	(7,958,048)
Special education	\$ 3,036,747	552,540			(3,589,287)		(3,589,287)
Other special instruction	\$ 252,965				(252,965)		(252,965)
Other instruction	\$ 33,978				(33,978)		(33,978)
Support services:							
Tuition	\$ 326,046				(326,046)		(326,046)
Student & instruction related services	\$ 2,607,871	358,749		175,750	(2,790,870)		(2,790,870)
School administrative services	\$ 772,349	52,008			(824,357)		(824,357)
General and business administrative services	\$ 432,858	25,927			(458,785)		(458,785)
Central Services	\$ 318,306	12,442			(330,748)		(330,748)
Admin. Info. Tech.	\$ 63,800	4,778			(68,578)		(68,578)
Plant operations and maintenance	\$ 1,632,203	320,839			(1,953,042)		(1,953,042)
Pupil transportation	\$ 1,302,474	574,382		660,581	(1,216,275)		(1,216,275)
Unallocated Benefits	\$ 6,282,031				(6,282,031)		(6,282,031)
Non-depreciable capital outlay	\$ 158,006			6,525	(151,481)		(151,481)
Interest on long-term debt	\$ 381,966			42,810	(339,156)		(339,156)
Unallocated depreciation	\$ 685,192				(685,192)		(685,192)
Total governmental activities	\$ 25,160,900	\$ 3,447,267	\$ -	\$ 1,347,328	\$ (27,260,839)	\$ -	\$ (27,260,839)
Business-type activities:							
Food Service	456,914		354,964	103,610	1,660	1,660	1,660
Safety Town	3,609		3,365		(244)	(244)	(244)
Summer Music	17,702		14,337		(3,365)	(3,365)	(3,365)
Total business-type activities	\$ 478,225	\$ -	\$ 372,666	\$ 103,610	\$ (1,949)	\$ (1,949)	\$ (1,949)
Total primary government	\$ 25,639,125	\$ 3,447,267	\$ -	\$ 1,450,938	\$ (27,260,839)	\$ (1,949)	\$ (27,262,788)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					17,375,076		17,375,076
Property taxes, levied for debt service					879,097		879,097
Federal and State aid not restricted					7,557,395		7,557,395
Miscellaneous Income					1,253,165	126	1,253,291
Total general revenues, special items, extraordinary items and transfers					27,064,733	126	27,064,859
Change in Net Position					(196,106)	(1,823)	(197,929)
Net Position—beginning (Restated)					(6,766,893)	95,866	(6,671,027)
Net Position—ending					(6,962,999)	94,043	(6,868,956)

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 632,802	\$ 46,251	\$ 458,061	\$ 1	\$ 1,137,115
Due from other funds	492,231			1,009	493,240
Receivables from other governments	173,483	37,753	410,830		622,066
Receivables - Other		307			307
Restricted cash and cash equivalents	<u>788,134</u>				<u>788,134</u>
Total assets	<u>\$ 2,086,650</u>	<u>\$ 84,311</u>	<u>\$ 868,891</u>	<u>\$ 1,010</u>	<u>\$ 3,040,862</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts Payable	524,355	95	46,200		570,650
Due to other funds	4,391		491,009		495,400
Payable to state government		69,413			69,413
Advanced revenue		<u>14,803</u>			<u>14,803</u>
Total liabilities	<u>528,746</u>	<u>84,311</u>	<u>537,209</u>	<u>-</u>	<u>1,150,266</u>
Fund Balances:					
Restricted for:					
Excess surplus - prior year - designated for subsequent year's expenditures	615,233				615,233
Capital reserve	451,014				451,014
Maintenance reserve	87,120				87,120
Emergency reserve	250,000				250,000
Debt service				1,010	1,010
Capital projects			331,682		331,682
Assigned to:					
Other purposes	11,179				11,179
Designated for subsequent year's expenditures	4,524				4,524
Unassigned:					
General fund	138,834				138,834
Total Fund balances	<u>1,557,904</u>	<u>-</u>	<u>331,682</u>	<u>1,010</u>	<u>1,890,596</u>
Total liabilities and fund balances	<u>\$ 2,086,650</u>	<u>\$ 84,311</u>	<u>\$ 868,891</u>	<u>\$ 1,010</u>	
Amounts reported for <i>governmental activities</i> in the statement of net assets (A-1) are different because:					
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$21,910,611 and the accumulated depreciation is \$9,846,721.					12,063,890
Accrued liability for interest on long-term debt is not due and payable in the current period and is not reported as a liability in the funds.					(124,795)
Accounts payable for subsequent pension payment is not a payable in the funds.					(408,941)
Deferred Outflows and Inflows of resources are applicable to future periods and therefore are not reported in the funds.					
Deferred Outflows of Resources related to PERS pension liability					1,995,605
Deferred Inflows of Resources related to PERS pension liability					(231,132)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds.					<u>(22,148,222)</u>
Net position of governmental activities					<u>\$ (6,962,999)</u>

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenditures, And Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES					
Local sources:					
Local tax levy	\$ 17,375,076	\$ -	\$ -	\$ 879,097	\$ 18,254,173
Miscellaneous	1,143,314	109,481	370		1,253,165
Total - Local Sources	18,518,390	109,481	370	879,097	19,507,338
State sources	5,104,364	159,781	370,448	42,810	5,677,403
Federal sources		484,156			484,156
Total revenues	<u>23,622,754</u>	<u>753,418</u>	<u>370,818</u>	<u>921,907</u>	<u>25,668,897</u>
EXPENDITURES					
Current:					
Regular instruction	\$ 7,848,567	\$ 571,143			\$ 8,419,710
Special education instruction	3,589,287				3,589,287
Other special instruction	252,965				252,965
Other instruction	33,978				33,978
Support services and undistributed costs:					
Tuition	326,046				326,046
Student & instruction related services	2,790,870	175,750			2,966,620
School administrative services	824,357				824,357
Other administrative services	458,785				458,785
Central Services	330,748				330,748
Admin. Info. Tech.	68,578				68,578
Plant operations and maintenance	1,953,042				1,953,042
Pupil transportation	2,079,154				2,079,154
Unallocated benefits	3,224,591				3,224,591
Debt Service:					
Principal				1,023,311	1,023,311
Interest and other charges				388,595	388,595
Capital outlay	150,856	6,525	1,103,901		1,261,282
Total expenditures	<u>23,931,824</u>	<u>753,418</u>	<u>1,103,901</u>	<u>1,411,906</u>	<u>27,201,049</u>
Excess (Deficiency) of revenues over expenditures	<u>(309,070)</u>	<u>-</u>	<u>(733,083)</u>	<u>(489,999)</u>	<u>(1,532,152)</u>
OTHER FINANCING SOURCES (USES)					
Capital leases (non-budgeted)	105,256				105,256
Transfers in			199,044	370	199,414
Transfers out	(199,044)		(370)		(199,414)
Total other financing sources and uses	<u>(93,788)</u>	<u>-</u>	<u>198,674</u>	<u>370</u>	<u>105,256</u>
Net change in fund balances	(402,858)	-	(534,409)	(489,629)	(1,426,896)
Fund balance—July 1	1,960,762	-	866,091	490,639	3,317,492
Fund balance—June 30	<u>\$ 1,557,904</u>	<u>\$ -</u>	<u>\$ 331,682</u>	<u>\$ 1,010</u>	<u>\$ 1,890,596</u>

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
to the Statement of Activities
For the Year Ended June 30, 2016

Total net change in fund balances - governmental funds (from B-2) \$ (1,426,896)

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the period.

	Depreciation expense	\$ (685,192)	
	Depreciable capital outlays	<u>1,103,276</u>	418,084

Repayment of long-term debt is reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and is not reported in the statement of activities. In the current year, these amounts consist of:

Principal payments on bonds payable		550,000	
Capital lease principal			675,609

Proceeds from debt issues are a financing source in the governmental funds. They are not revenue in the statement of activities; issuing debt increases long-term liabilities in the statement of net assets. Capital lease proceeds

(105,256)

In the statement of activities, interest on long-term debt in the statement of activities is accrued, regardless of when due. In the governmental funds, interest is reported when due. The accrued interest change is an adjustment to the reconciliation.

6,629

In the statement of activities, certain operating expenses, e.g., compensated absences (vacations) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is reduction in the reconciliation (-); when the paid amount exceeds the earned amount the difference is an addition to the reconciliation (+).

			2,450
	Decrease in compensated absences payable		

District pension contributions are reported as expenditures in the governmental funds when made. However, per GASB No. 68 they are reported as deferred outflows of resources in the Statement of Net Position because the reported net pension liability is measured a year before the District's report date. Pension expense, which is the change in the net pension liability adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the Statement of Activities.

		400,923	
	District Pension Contributions		
	Less: Pension Expense	<u>(717,649)</u>	
	Increase in Pension Expense		(316,726)

Per GASB No. 68 Non-employer contributing entities are required to record an increases in revenue and expense for On-behalf TPAF pension payments paid by the State of New Jersey on the Statement of Activities that are in excess of those amounts reported in the fund financial statements

		2,743,164	
	Increase in On-behalf State Aid TPAF Pension		
	Increase in On-behalf TPAF Pension Expense		(2,743,164)

Change in net position of governmental activities \$ (196,106)

The accompanying Notes to Financial Statements are an integral part of this statement.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2016

	Business-type Activities - Enterprise Funds			Totals
	Food Service	Safety Town	Summer Music	
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 69,007	\$ 5,313	\$ 12,899	\$ 87,219
Accounts receivable:				
State				-
Federal				-
Interfund	4,391			4,391
Inventories	2,943	-		2,943
Total current assets	76,341	5,313	12,899	94,553
Noncurrent assets:				
Furniture, machinery & equipment	152,540			152,540
Less accumulated depreciation	(114,990)			(114,990)
Total noncurrent assets	37,550	-	-	37,550
Total assets	113,891	5,313	12,899	132,103
LIABILITIES				
Current liabilities:				
Accounts payable	24,117	2,877	8,844	35,838
Interfund payables	2,222			2,222
Total current liabilities	26,339	2,877	8,844	38,060
Total liabilities	26,339	2,877	8,844	38,060
NET POSITION				
Net Investment in capital assets	37,550	-	-	37,550
Unrestricted	50,002	2,436	4,055	56,493
Total net position	\$ 87,552	\$ 2,436	\$ 4,055	\$ 94,043

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities - Enterprise Fund			Total Enterprise
	Food Service	Safety Town	Summer Music	
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 351,435	\$ -	\$ -	\$ 351,435
Special functions	3,529	-	-	3,529
Miscellaneous		3,365	14,337	17,702
Total operating revenues	<u>354,964</u>	<u>3,365</u>	<u>14,337</u>	<u>372,666</u>
Operating expenses:				
Cost of sales	200,262	-		200,262
Salaries	139,568	2,877	7,200	149,645
Employee benefits	64,480	-		64,480
Cleaning, repair and maintenance services	4,139	-		4,139
Purchased services	26,898	-		26,898
Miscellaneous Expense	12,107	-		12,107
General supplies	4,010	732	10,502	15,244
Depreciation	5,450	-		5,450
Total Operating Expenses	<u>456,914</u>	<u>3,609</u>	<u>17,702</u>	<u>478,225</u>
Operating income (loss)	<u>(101,950)</u>	<u>(244)</u>	<u>(3,365)</u>	<u>(105,559)</u>
Non-operating revenues (expenses):				
State sources:				
State school lunch program	4,279	-		4,279
Federal sources:				
National school lunch program	72,350	-		72,350
Food distribution program	26,981	-		26,981
Interest and investment revenue	115	4	7	126
Total non-operating revenues (expenses)	<u>103,725</u>	<u>4</u>	<u>7</u>	<u>103,736</u>
Income (loss) before contributions & transfers	1,775	(240)	(3,358)	(1,823)
Capital contributions	-	-		-
Transfers in (out)				
Change in net position	<u>1,775</u>	<u>(240)</u>	<u>(3,358)</u>	<u>(1,823)</u>
Total net position—beginning	<u>85,777</u>	<u>2,676</u>	<u>7,413</u>	<u>95,866</u>
Total net position—ending	<u>\$ 87,552</u>	<u>\$ 2,436</u>	<u>\$ 4,055</u>	<u>\$ 94,043</u>

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2016

	Business-type Activities -			Total
	Enterprise Funds			
	Food Service	Safety Town	Summer Music	Enterprise
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and other funds	\$ 354,964	\$ 3,365	\$ 15,387	\$ 373,716
Payments to employees	(139,568)	(2,877)	(7,200)	(149,645)
Payments for employee benefits	(64,480)			(64,480)
Payments to suppliers	(250,762)	(735)	(10,169)	(261,666)
Net cash provided by (used for) operating activities	<u>(99,846)</u>	<u>(247)</u>	<u>(1,982)</u>	<u>(102,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	4,545			4,545
Federal sources	102,177			102,177
Net cash provided by (used for) non-capital financing activities	<u>106,722</u>	<u>-</u>	<u>-</u>	<u>106,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(3,518)			(3,518)
Net cash provided by (used for) capital and related financing activities	<u>(3,518)</u>	<u>-</u>	<u>-</u>	<u>(3,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	115	4	7	126
Net cash provided by (used for) investing activities	<u>115</u>	<u>4</u>	<u>7</u>	<u>126</u>
Net increase (decrease) in cash and cash equivalents	3,473	(243)	(1,975)	1,255
Balances—beginning of year	65,534	5,556	14,874	85,964
Balances—end of year	<u>\$ 69,007</u>	<u>\$ 5,313</u>	<u>\$ 12,899</u>	<u>\$ 87,219</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (101,950)	\$ (244)	\$ (3,365)	\$ (105,559)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and net amortization	5,450			5,450
(Increase) decrease in accounts receivable, net			1,050	1,050
(Increase) decrease in inventories	14			14
Increase (decrease) in accounts payable	(3,360)	(3)	333	(3,030)
Total adjustments	<u>2,104</u>	<u>(3)</u>	<u>1,383</u>	<u>3,484</u>
Net cash provided by (used for) operating activities	<u>\$ (99,846)</u>	<u>\$ (247)</u>	<u>\$ (1,982)</u>	<u>\$ (102,075)</u>

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2016

	<u>Unemployment Compensation Trust</u>	<u>Agency Fund</u>
ASSETS		
Cash and cash equivalents	\$ 59,197	\$ 510,631
Total assets	<u>59,197</u>	<u>510,631</u>
LIABILITIES		
Accounts payable	5,673	
Interfunds payable		9
Payable to student groups		34,039
Payroll deductions and withholdings		476,583
Total liabilities	<u>5,673</u>	<u>\$ 510,631</u>
NET POSITION		
Held in trust for unemployment claims and other purposes	<u>\$ 53,524</u>	

See accompanying Notes to the Financial Statements.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust
ADDITIONS	
Contributions:	
Plan member	\$ 41,555
Total Contributions	41,555
Investment earnings:	
Interest	81
Net investment earnings	81
Total additions	41,636
DEDUCTIONS	
Quarterly contribution reports	16,956
Unemployment Claims	15,887
Total deductions	32,843
Change in net position	8,793
Net position—beginning of the year	44,731
Net position—end of the year	\$ 53,524

See accompanying Notes to the Financial Statements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Board of Education (“Board”) of the Borough of Ringwood School District (“District”) is an instrumentality of the State of New Jersey, established to function as an educational institution. The Borough of Ringwood School District is a Type II district located in the County of Passaic, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the District is to educate students in grades K-8. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board’s duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB Codification of Governmental Accounting and Financial Reporting Standards, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the Board holds the corporate powers of the organization
- the Board appoints a voting majority of the organization’s board
- the Board is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the Board
- there is a fiscal dependency by the organization on the Board

Based on the aforementioned criteria, the Board has no component units. Furthermore, the Board is not includable in any other reporting entity on the basis of such criteria.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education of the Borough of Ringwood School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the board’s accounting policies are described below.

A. Basis of Presentation:

The Board’s basic financial statements consist of District-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

District-wide Financial Statements:

The statement of net position and the statement of activities display information about the Board as a whole. These statements include the financial activities of the overall District, except for the fiduciary funds. The statements distinguish between those activities of the Board that are governmental and those that are considered business-type activities.

The statement of net position presents the financial condition of the governmental and business-type activities of the Board at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the governmental activities and for the business-type activities of the Board. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Board, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the Board.

Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No. 34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models. The various funds of the Board are grouped into the categories governmental, proprietary and fiduciary.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the Board are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the Board's governmental funds:

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

GOVERNMENTAL FUNDS, (continued)

General Fund - The General Fund is the general operating fund of the Board. It is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

As required by the New Jersey State Department of Education, the Board includes budgeted Capital Outlay in this fund. Accounting principles generally accepted in the United States of America as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, District taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, Debt Service or the Enterprise Funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds). The financial resources are derived from sale of bonds, lease purchases and other revenues.

Debt Service Fund - The debt service fund is used to account for the accumulation of resources for and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The focus of Proprietary Fund measurement is upon determination of net income, changes in net position, financial position and cash flows. The accounting principles generally accepted in the United States of America applicable are those similar to businesses in the private sector. Proprietary funds are classified as enterprise or internal service; the Board has no internal service funds. The following is a description of the Proprietary Funds of the Board:

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

A. Basis of Presentation, (continued)

PROPRIETARY FUNDS, (continued)

Enterprise Funds - The Enterprise Funds are utilized to account for operations that are financed and operated in a manner similar to private business enterprises -- where the intent of the Board is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges; or, where the Board has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The Board's Enterprise Funds are comprised of the Food Service Fund, Safety Town Fund and the Summer Music Program Fund.

FIDUCIARY FUNDS

Fiduciary Fund - Fiduciary Fund reporting focuses on net position and changes in net position.

Trust and Agency Funds - The Trust and Agency Funds are used to account for assets held by the Board in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Expendable Trust Fund - An Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable Trust Funds account for assets where both the principal and interest may be spent. Expendable Trust Funds include the Unemployment Compensation Insurance Trust Fund.

Agency Funds - Agency funds are used to account for the assets that the Board holds on behalf of others as their agent. Agency funds are custodial in nature and do not involve measurement of results of operations. Agency funds include payroll and student activities funds.

B. Measurement Focus:

District-wide Financial Statements

The District-wide statements (i.e., the statement of net position and the statement of activities) are prepared using the economic resources measurements focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Board are included on the statement of net position, except for fiduciary funds.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

B. Measurement Focus: (continued)

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the District-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the District-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the Board finances and meets the cash flow needs of its proprietary activities.

C. Basis of Accounting:

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The District-wide financial statements and the financial statements of the proprietary and fiduciary funds are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Revenues - Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

C. Basis of Accounting: (continued)

Revenues - Exchange and Non-exchange Transactions, (continued)

Nonexchange transactions, in which the Board receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the Board must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Board on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized. Under GAAP, in accordance with GASB No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the last state aid payment is not considered revenue to the school district if the state has not recorded the corresponding expenditure, even though state law dictates recording the revenue.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: ad valorem property taxes, tuition, unrestricted grants and interest.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

The measurement of focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

D. Budgets/Budgetary Control:

Annual appropriated budgets are adopted in the spring of the preceding year for the general, and special revenue funds. The budgets are submitted to the county superintendents office for approval. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue fund as described later. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6A:23-2(g)1. Transfers of appropriations may be made by School Board resolution at any time during the fiscal year.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

D. Budgets/Budgetary Control: (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

E. Encumbrances:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the Board has received advances, are reflected in the balance sheet as unearned revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

F. Cash, Cash Equivalents and Investments:

Cash and cash equivalents include petty cash, change funds, cash in banks and all highly liquid investments with a maturity of three months or less at the time of purchase and are stated at cost plus accrued interest. U.S. Treasury and agency obligations and certificates of deposit with maturities of one year or less when purchased are stated at cost. All other investments are stated at fair value.

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

F. Cash, Cash Equivalents and Investments: (continued)

Additionally, the Board has adopted a cash management plan that requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of governmental units. The statute requires that no governmental unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include Savings and Loan institutions, banks (both state and national banks) and savings banks the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of Governmental Units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the full amount of their deposits to the Governmental Units.

G. Tuition Expenses/Payables:

Tuition charges were established by the receiving district based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

H. Inventories:

On District-wide financial statements, inventories are presented at cost, which approximates market on a first-in, first-out basis and are expensed when used.

On fund financial statements inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. Inventories of proprietary funds consist of food and goods held for resale, as well as supplies, and are expensed when used.

I. Prepaid Items:

Payments made to vendors for services that will benefit periods beyond June 30, 2016, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

J. Short-Term Interfund Receivables/Payables:

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

K. Capital Assets:

General capital assets are those assets not specifically related to activities reported in the enterprise fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the district -wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the enterprise fund are reported both in the business-type activity column of the District-wide statement of net position and in the fund.

All capital assets acquired or constructed during the year are recorded at actual cost. Donated fixed assets are valued at their estimated fair market value on the date received. The capital assets acquired or constructed prior to June 30, 1993 are valued at cost based on historical records or through estimation procedures performed by an independent appraisal company. Donated capital assets are valued at their estimated fair market value on the date received. The Board maintains a capitalization threshold of \$2,000.00. The Board does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business-Type Activity Estimated Lives</u>
Sites and Improvements	20 years	N/A
Buildings and Improvements	7-50 years	N/A
Furniture, Equipment and Vehicles	5-20 years	5-20 years

L. Compensated Absences:

Compensated absences are those absences for which employees will be paid, such as vacation, sick leave, and sabbatical leave. A liability for compensated absences that are attributable to services already rendered, and that are not contingent on a specific event that is outside the control of the Board and its employees, is accrued as the employees earn the rights to the benefits. Compensated absences that relate to future services, or that are contingent on a specific event that is outside the control of the Board and its employees, are accounted for in the period in which such services are rendered or in which such events take place.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

M. Advanced Revenue:

Advanced revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Advanced revenue in the special revenue fund represents cash that has been received but not yet earned. See Note 2(E) regarding the special revenue fund.

N. Accrued Liabilities and Long-term Obligations:

All payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds, long-term obligations, and capital leases that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

O. Accounting and Financial Reporting for Pensions

In fiscal year 2015, the District implemented GASB 68. This Statement amends GASB Statement No. 27. It improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local government employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirement of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement. This statement is effective for periods beginning after June 15, 2014.

The District has also implemented GASB Statement 71, Pension Transition for Contributions made Subsequent to the Measurement Date-an amendment to GASB No. 68. The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

O. Accounting and Financial Reporting for Pensions, (continued)

Statement 68 requires a state or local government employer (or nonemployer contributing entity in a special funding situation) to recognize a net pension liability measured as of a date (the measurement date) no earlier than the end of its prior fiscal year. If a state or local government employer or nonemployer contributing entity makes a contribution to a defined benefit pension plan between the measurement date of the reported net pension liability and the end of the government's reporting period, Statement 68 requires that the government recognize its contribution as a deferred outflow of resources.

In addition, Statement 68 requires recognition of deferred outflows of resources and deferred inflows of resources for changes in the net pension liability of a state or local government employer or nonemployer contributing entity that arise from other types of events. At transition to Statement 68, if it is not practical for an employer or nonemployer contributing entity to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, paragraph 137 of Statement 68 required that beginning balances for deferred outflows of resources and deferred inflows of resources not be reported. Consequently, if it is not practical to determine the amounts of all deferred outflows of resources and deferred inflows of resources related to pensions, contributions made after the measurement date of the beginning net pension liability could not have been reported as deferred outflows of resources at transition. This could have resulted in a significant understatement of an employer or nonemployer contributing entity's beginning net position and expense in the initial period of implementation.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has only one item that qualifies for reporting in this category, deferred amounts related to pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies in this category, deferred amounts related to pension.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

Q. Fund Balances:

Fund balance is divided into five classifications based primarily on the extent to which the Board is bound to observe constraints imposed upon the resources in the governmental funds. The classifications are as follows:

- **Nonspendable** fund balance includes amounts that are not in a spendable form (inventory, for example) or are required to be maintained intact (the principal of an endowment fund, for example).
- **Restricted** fund balance includes amounts that can be spent only for the specific purposes stipulated by external resource providers (for example, grant providers), constitutionally, or through enabling legislation (that is, legislation that creates a new revenue source and restricts its use). Effectively, restrictions may be changed or lifted only with the consent of resource providers.
- **Committed** fund balance includes amounts that can be used only for the specific purposes determined by a formal action of the Board's highest level of decision-making authority. Commitments may be changed or lifted only by the government taking the same formal action that imposed the constraint originally.
- **Assigned** fund balance comprises amounts *intended* to be used by the Board for specific purposes. Intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed. This indicates that resources in other governmental funds are, at a minimum, intended to be used for the purpose of that fund.
- **Unassigned** fund balance is the residual classification for the general fund and includes all amounts not contained in the other classifications. Unassigned amounts are technically available for any purpose. If another governmental fund has a fund balance deficit, then it will be reported as a negative amount in the unassigned classification in that fund. Positive unassigned amounts will be reported only in the general fund.

R. Net Position:

Net position represent the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Board or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

R. Net Position: (continued)

The Board applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

S. Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the Board, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

T. Extraordinary and Special Items:

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during the fiscal year.

U. Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation, and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense that could not be attributed to a specific function is considered an indirect expense and is reported separately on the Statement of Activities as unallocated depreciation. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

V. Use of Estimates:

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that effect certain reports, amounts and disclosures. Estimates are used to determine depreciation expense, among other accounts. Accordingly, actual results could differ from those estimates.

W. Recent Accounting Pronouncements:

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, "Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27". This statement, which is effective for fiscal periods beginning after June 15, 2014, was implemented by the District for the year ended June 30, 2015.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Governmental Accounting Standards Board (GASB) issued Statement No. 71 “Pension Transition for Contributions Made Subsequent to the Measurement Date-an-amendment of GASB Statement No. 68”. The provisions of this statement are required to be applied simultaneously with the provisions of Statement 68 which is effective for periods beginning after June 15, 2014 and was implemented by the District for the year ended June 30, 2015.

The Government Accounting Standards Board issued GASB Statement No. 72, Fair Value Measurement and Application. This Statement is effective for fiscal years beginning after June 15, 2015. This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement also provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68 and Amendments to Certain Provisions of GASB Statements 67 and 68. This Statement is effective for fiscal years beginning after June 15, 2015 – except those provisions that address employers and governmental nonemployer contributing entities for pensions that are not within the scope of Statement 68, which are effective for financial statements for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. This Statement applies to OPEB plans and basically parallels GASB Statement 67 and replaces GASB Statement 43 and is effective for fiscal years beginning after June 15, 2016. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This Statement applies to government employers who provided OPEB plans to their employees and basically parallels GASB Statement 68 and replaces GASB Statement 45. The Statement is effective for fiscal years beginning after June 15, 2017. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

The Government Accounting Standards Board issued GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*, which reduces the GAAP hierarchy to two categories of authoritative GAAP from the four categories under GASB Statement No. 55, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*. The first category of authoritative GAAP consists of GASB Statements of Governmental Accounting Standards. The second category comprises GASB Technical Bulletins and Implementation Guides, as well as guidance from the American Institute of Certified Public Accountants that is cleared by the GASB. The District is currently reviewing what effect, if any, this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 77, *Tax Abatement Disclosures*, which improve financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The District believes this Statement will have no impact on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*, which establishes the criteria for identifying the applicable pension plans and addresses measurement and recognition for pension liabilities, expense and expenditures; note disclosures of descriptive information about the plan, benefit terms, and contributions items; and required supplementary information presenting required contribution amounts for the past 10 fiscal years. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 79, *Certain External Investment Pools and Pool Participation*, which permits qualifying external investment pools to measure pool investments at amortized cost for financial reporting purposes. The District is currently reviewing what effect this Statement might have on future financial statements.

The Government Accounting Standards Board issued GASB Statement No. 80, *Blending Requirements for Certain Component Units*, which provides clarity about how certain component units incorporated as not-for-profit corporations should be presented in the financial statements of the primary state or local government. The District does not believe this Statement will have any effect on future financial statements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (continued)

W. Recent Accounting Pronouncements: (continued)

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 81, Irrevocable Split-Interest Agreements. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. The District does not believe this Statement will have any effect on future financial statements.

In March 2016, the Government Accounting Standards Board issued GASB Statement No. 82, Pension Issues - an Amendment of GASB Statements No. 67, No. 68 and No. 73. The objective of this Statement is to address certain issues that have been raised with respect to Statement No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not Within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. This Statement is effective for reporting periods beginning after June 15, 2016. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice.

X. Rounding

Certain balances may be off due to dollar rounding.

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District's policy is based on New Jersey Statutes requiring cash be deposited only in New Jersey based banking institutions that participate in New Jersey Governmental Depository Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 18A:20-37 that are treated as cash equivalents. As of June 30, 2016, \$-0- of the District's bank balance of \$3,240,540 was exposed to custodial credit risk.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS, (continued)

Investments

Investment Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. However, New Jersey Statutes 18A:20-37 limits the length of time for most investments to 397 days.

Credit Risk

New Jersey Statutes 18A:20-37 limits school district investments to those specified in the Statutes. The type of allowed investments are Bonds of the United States of America, bonds or other obligations of the school districts or bonds or other obligations of the local unit or units within which the school district is located; obligations of federal agencies not exceeding 397 days; government money market mutual funds; the State of New Jersey Cash Management Plan; local government investment pools; or repurchase of fully collateralized securities.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

New Jersey Cash Management Fund - All investments in the Fund are governed by the regulations of the Investment Council, which prescribe specific standards designed to insure the quality of investments and to minimize the risks related to investments. In all the years of the Division of Investment's existence, the Division has never suffered a default of principal or interest on any short-term security held by it due to the bankruptcy of a securities issuer; nevertheless, the possibility always exists, and for this reason a reserve is being accumulated as additional protection for the "Other-than-State" participants. In addition to the Council regulations, the Division sets further standards for specific investments and monitors the credit of all eligible securities issuers on a regular basis.

As of June 30, 2016, the District had \$38,649 on deposit with the New Jersey Cash Management Fund.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 4. RECEIVABLES

Receivables at June 30, 2016, consisted of accounts receivable, interfund and intergovernmental. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial <u>Statements</u>	Enterprise <u>Fund</u>	District Wide Financial <u>Statements</u>
State Aid	\$560,727	\$	\$560,727
Federal Aid	39,796		39,796
Accounts Receivable	21,850		21,850
Interfunds	<u>9</u>	<u> </u>	<u>9</u>
Gross Receivables	622,382	<u> </u>	622,382
Less: Allowance for Uncollectibles		<u> </u>	
Total Receivables, Net	<u><u>\$622,382</u></u>	<u><u>\$ </u></u>	<u><u>\$622,382</u></u>

NOTE 5. INVENTORIES

Inventories in the enterprise fund are valued at cost, which approximates market, using the first-in, first-out method. As of June 30, 2016, the District had the following inventory in the enterprise fund:

Food	\$2,161
Supplies	<u>782</u>
	<u><u>\$2,943</u></u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 6. INTERFUND BALANCES AND ACTIVITY

As of June 30, 2016, the District had the following interfund balances:

\$9	Due to the General Fund from the Agency Fund for accumulated interest earned.
2,222	Due to the General Fund from the Enterprise Fund for reimbursement of expenditures.
490,000	Due to the General Fund from the Capital Projects Fund for repayment of debt service.
1,000	Due to the Debt Service Fund from the Capital Projects Fund for interest earned.
4,391	Due to the Enterprise Fund from the General Fund for Federal and State lunch reimbursements.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 6. INTERFUND BALANCES AND ACTIVITY, (continued)

Interfund transfer for the year ended June 30, 2016 consisted of the following:

\$72,238 From the General Fund to the Enterprise Fund for Federal and State Lunch Subsidy.

NOTE 7. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2016 was as follows:

	Restated Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/16</u>
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$329,940	\$ -0-	\$ -0-	\$329,940
Construction in Progress	<u> </u>	<u>-0-</u>	<u>-0-</u>	<u> </u>
Total Capital Assets, Not Being Depreciated	<u>329,940</u>	<u>-0-</u>	<u>-0-</u>	<u>329,940</u>
Capital Assets Being Depreciated				
Buildings and Improvements	15,960,257	1,058,415		17,018,672
Furniture, Equipment and Vehicles	<u>4,967,210</u>	<u>44,861</u>	<u>(450,072)</u>	<u>4,561,999</u>
Total Capital Assets, Being Depreciated	<u>20,927,467</u>	<u>1,103,276</u>	<u>(450,072)</u>	<u>21,580,671</u>
Less Accumulated Depreciation:				
Buildings and Improvements	6,162,897	581,655		6,744,552
Furniture, Equipment and Vehicles	<u>3,448,704</u>	<u>103,537</u>	<u>(450,072)</u>	<u>3,102,169</u>
Total Accumulated Depreciation	<u>9,611,601</u>	<u>685,192</u>	<u>(450,072)</u>	<u>9,846,721</u>
Total Capital Assets, Being Depreciated, Net	<u>11,315,866</u>	<u>418,084</u>	<u>-0-</u>	<u>11,733,950</u>
Governmental Activities Capital Assets, Net	<u>\$11,645,806</u>	<u>\$418,084</u>	<u>\$ -0-</u>	<u>\$12,063,890</u>
	Balance <u>6/30/15</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/16</u>
Business-Type Activity				
Furniture and Equipment	<u>\$149,022</u>	<u>\$3,518</u>	<u>\$ -0-</u>	<u>\$152,540</u>
Totals	<u>149,022</u>	<u>3,518</u>	<u>-0-</u>	<u>152,540</u>
Less Accumulated Depreciation				
Furniture and Equipment	<u>109,540</u>	<u>5,450</u>	<u>-0-</u>	<u>114,990</u>
Total Accumulated Depreciation	<u>109,540</u>	<u>5,450</u>	<u>-0-</u>	<u>114,990</u>
Business-Type Activity Capital Assets, Net	<u>\$39,482</u>	<u>(\$1,932)</u>	<u>\$ -0-</u>	<u>\$37,550</u>

Depreciation expense was not allocated to governmental functions. It appears on the statement of activities as “unallocated depreciation”.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. LONG-TERM OBLIGATIONS

Changes in long-term obligations for the fiscal year ended June 30, 2016 were as follows:

	<u>Balance</u> <u>June 30, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Balance</u> <u>June 30, 2016</u>	<u>Amounts Due</u> <u>Within</u> <u>One Year</u>
Bonds Payable	\$11,155,000	\$	\$550,000	\$10,605,000	\$560,000
Capital Leases Payable	1,395,748	105,256	675,609	825,395	283,610
Compensated Absences Payable	251,992	5,570	8,020	249,542	
Net Pension Liability PERS	8,480,339	1,987,946		10,468,285	
	<u>\$12,802,740</u>	<u>\$2,098,772</u>	<u>\$1,233,629</u>	<u>\$22,148,222</u>	<u>\$843,610</u>

A. Bonds Payable:

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

Outstanding bonds payable at June 30, 2016 consisted of the following:

<u>Issue</u>	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Date of</u> <u>Maturity</u>	<u>Principal Balance</u> <u>June 30, 2016</u>
School Bonds Series 2008	07/15/08	4.250%	01/15/23	\$755,000
School Bonds Series 2011	09/13/11	2.25%-4.00%	09/01/31	<u>9,850,000</u>
				<u>\$10,605,000</u>

Principal and interest due on serial bonds outstanding are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$560,000	\$356,519	\$916,519
2018	575,000	340,731	915,731
2019	595,000	324,419	919,419
2020	615,000	306,256	921,256
2021	630,000	286,206	916,206
2022-2026	3,165,000	1,118,772	4,283,772
2027-2031	3,635,000	537,356	4,172,356
2032	830,000	16,600	846,600
	<u>\$10,605,000</u>	<u>\$3,286,859</u>	<u>\$13,891,859</u>

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 8. LONG-TERM OBLIGATIONS, (continued)

B. Bonds Authorized But Not Issued:

As of June 30, 2016, the Board had \$-0- of authorized bonds.

C. Capital Leases Payable:

The District is leasing transportation and photocopy and other equipment under capital leases. All capital leases are for terms of three to eight years. The following is a schedule of the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at June 30, 2015.

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$283,610	\$16,540	\$300,150
2018	221,701	10,074	231,775
2019	169,080	5,819	174,899
2020	134,864	2,727	137,591
2021	<u>16,140</u>	<u>306</u>	<u>16,446</u>
Total Minimum Lease Payments	<u>\$825,395</u>	<u>\$35,466</u>	<u>\$860,861</u>

NOTE 9. PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pensions and Benefits, PO Box 295, Trenton, New Jersey, 08625 or reports can be accessed on the internet at: http://www.state.nj.us/treasury/pensions/annrpts_archive.htm.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS, (continued)

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

Defined Contribution Retirement Program (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2008 under the provisions of Chapter 92, P.L. 2008 and Chapter 103, P.L. 2008 (NJSA 43:15C-1 et seq). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by NJSA 43:15C-1 et seq.

Contribution Requirements Fund Based Statements - The contribution policy is set by laws of the State of New Jersey and, in most retirement systems, contributions are required by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. The pension funds provide for employee contributions based on 5.5% for PERS and 5.5% for TPAF of the employee's annual compensation. Pursuant to the provisions of Chapter 78, P.L. 2011, this amount will increase to 6.5% plus an additional 1% phased in over 7 years beginning in the first year. For fiscal year 2012, the member rate will increase in October 2011. The phase in will take place on July 1 of each subsequent fiscal year. Employers are required to contribute at an actuarially determined rate in all Funds except the SACT. The actuarially determined employer contribution includes funding for cost-of-living adjustments and noncontributory death benefits in the PERS and TPAF. In the PERS and TPAF, the employer contribution includes funding for post-retirement medical premiums.

During the year ended June 30, 2015 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost equals annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost differs from the annual required contribution due to the enactment of Chapter 114, P.L. 1997. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997.

The Board's contribution to PERS AND DCRP, equal to the required contributions for each year as reported in the fund based statements, were as follows:

<u>Year</u>	<u>PERS</u>	<u>DCRP</u>
Ending 6/30/16	\$401,550	\$19,510
6/30/15	384,308	18,276
6/30/14	346,535	19,287

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

The State of New Jersey contribution to TPAF (paid on-behalf of the District) for normal and post retirement benefits have been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13, as follows:

Year	Pension	Post-Retirement Medical	NCGI
<u>Ending</u>	<u>Contributions</u>	<u>Contributions</u>	<u>Premium</u>
6/30/16	\$619,316	\$774,169	\$30,850
6/30/15	443,468	754,656	31,906
6/30/14	352,797	629,513	31,140

In addition, the post-retirement medical benefits are included in the district-wide financial statements.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$657,728 during the year ended June 30, 2016 for the employer’s share of social security contributions for TPAF members as calculated on their base salaries. This amount has been included in the fund-based statements as revenues and expenditures in accordance with GASB 24, paragraphs 7 through 13.

ACCOUNTING AND FINANCIAL REPORTING FOR PENSION IN THE DISTRICT-WIDE STATEMENTS PER - GASB NO. 68

Public Employees Retirement System (PERS)

At June 30, 2016, the District reported a liability of \$10,468,285 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts, actuarially determined. At June 30, 2015, the District's proportion was .0466334964 percent, which was an increase of .0013391571 percent from its proportion measured as of June 30, 2014.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

For the year ended June 30, 2016, the District recognized pension expense of \$717,649. At June 30, 2016, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	\$1,124,210	\$
Net difference between projected and actual earnings on pension plan investments		168,310
Difference in actual and expected experience	249,737	
Changes in proportion and differences between District contributions and proportionate share of contributions	212,717	62,822
District contributions subsequent to the measurement date	<u>408,941</u>	<u> </u>
Total	<u>\$1,995,605</u>	<u>\$231,132</u>

The \$408,941 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2016, the plan measurement date is June 30, 2015) will be recognized as a reduction of the net pension liability in the year ended June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding changes in proportion) will be recognized in pension expense as follows:

Year ended June 30:	
2017	\$219,487
2018	219,487
2019	349,568
2020	197,609

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Additional Information

Local Group Collective balances at June 30, 2015 and 2014 are as follows:

	<u>June 30, 2015</u>	<u>June 30, 2014</u>
Collective deferred outflows of resources	\$3,578,755,666	\$952,194,675
Collective deferred inflows of resources	993,410,455	1,479,224,662
Collective net pension liability	22,447,996,119	18,722,735,003
District's Proportion	.0466334964%	.0452943393%

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which rolled forward to June 30, 2015. The total pension liability for the July 1, 2014 measurement date was determined by an actuarial valuation as of July 1, 2013. This actuarial valuation used the following assumptions, applied to all periods in the measurement.

Inflation	3.04 Percent
Salary Increases:	
2012-2021	2.15-4.40 Percent (based on age)
Thereafter	3.15-5.40 Percent (based on age)
Investment Rate of Return	7.90 Percent

The actuarial assumptions used in the June 30, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2008 to June 30, 2011.

Mortality Rates

Mortality rates were based on the RP-2000 Combined Healthy Male and Female Mortality Tables (setback one year for females) with adjustments for mortality improvements from the base year of 2012 based on Projection Scale AA.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Long-Term Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	5.00%	1.04%
U.S. Treasuries	1.75%	1.64%
Investment Grade Credit	10.00%	1.79%
Mortgages	2.10%	1.62%
High Yield Bonds	2.00%	4.03%
Inflation Indexed Bonds	1.50%	3.25%
Broad U.S. Equities	27.25%	8.52%
Developed Foreign Markets	12.00%	6.88%
Emerging Market Equities	6.40%	10.00%
Private Equity	9.25%	12.41%
Hedge Funds/Absolute Returns	12.00%	4.72%
Real Estate (Property)	2.00%	6.83%
Commodities	1.00%	5.32%
Global Debt ex US	3.50%	-0.40%
Reit	4.25%	5.12%
	<u>100.00%</u>	

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.90% and 5.39% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer GO 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years of contributions made in relation to the last five years of recommended contributions. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2033. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2033, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Collective Net Pension Liability to Changes in the Discount Rate

The following presents the collective net pension liability of the participating employers as of June 30, 2015 respectively, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1 -percentage point lower or 1- percentage-point higher than the current rate:

	June 30, 2015		
	1% Decrease	At Current Discount Rate	1% Increase
	<u>3.90%</u>	<u>4.90%</u>	<u>5.90%</u>
District's proportionate share of the pension liability	\$13,010,798	\$10,468,285	\$8,336,661

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Financial Report for the State of New Jersey Public Employees Retirement System (PERS).

Teachers Pensions and Annuity Fund (TPAF)

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute directly to the

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the notes to the financial statements of the local participating employers must disclose the portion of the nonemployer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer.

The portion of the TPAF Net Pension Liability that was associated with the District recognized at June 30, 2016 was as follows:

Net Pension Liability:	
District's proportionate share	\$ -0-
State's proportionate share associated with the District	<u>55,574,607</u>
	<u>\$55,574,607</u>

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2014. The net pension liability associated with the District was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating school districts and the State, actuarially determined. At June 30, 2015, the proportion of the TPAF net pension liability associated with the District was .0879285641%.

For the year ended June 30, 2016, the District recognized on-behalf pension expense and revenue of \$3,393,330 for contributions provided by the State in the District-Wide Financial Statements.

Actuarial Assumptions

The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of July 1, 2014, which was rolled forward to June 30, 2015. The total pension liability for the June 30, 2014 measurement date was determined by an actuarial valuation as of July 1, 2014. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases:	
2012-2021	Varies based on experience
Thereafter	Varies based on experience
Investment Rate of Return	7.90%

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Mortality Rates

Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement. The actuarial assumptions used in the July 1, 2014 valuation were based on the results of an actuarial experience study for the period July 1, 2009 to June 30, 2012.

Long-Term Expected Rate of Return

In accordance with State statute, the long-term expected rate of return on plan investments (7.90% at June 30, 2015) is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2015 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Cash	5.00%	0.53%
US Government Bonds	1.75%	1.39%
US Credit Bonds	13.50%	2.72%
US Mortgages	2.10%	2.54%
US Inflation-Indexed Bonds	1.50%	1.47%
US High Yield Bonds	2.00%	4.57%
US Equity Market	27.25%	5.63%
Foreign-Developed Equity	12.00%	6.22%
Emerging Markets Equity	6.40%	8.46%
Private Real Estate Property	4.25%	3.97%
Timber	1.00%	4.09%
Farmland	1.00%	4.61%
Private Equity	9.25%	9.15%
Commodities	1.00%	3.58%
Hedge Funds - MultiStrategy	4.00%	4.59%
Hedge Funds - Equity Hedge	4.00%	5.68%
Hedge Funds - Distressed	4.00%	4.30%
	<u>100.00%</u>	

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 9. PENSION PLANS: (continued)

Discount Rate

The discount rate used to measure the total pension liability was 4.13% and 4.68% as of June 30, 2015 and 2014, respectively. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.9%, and a municipal bond rate of 3.80% and 4.29% as of June 30, 2015 and 2014, respectively, based on the Bond Buyer Go 20-Bond Municipal Bond Index which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made based on the average of the last five years. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2027. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2027, and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

Because the District's proportionate share of the net pension liability is zero, consideration of potential changes in the discount rate is not applicable to the District.

NOTE 10. POST-RETIREMENT BENEFITS

Chapter 384 of Public Laws 1987 and Chapter 6 of Public Laws 1990 required Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS), respectively, to fund post-retirement medical benefits for those State employees who retire after accumulating 25 years of credited service or on a disability retirement. P.L. 2007, c.103 amended the law to eliminate the funding of post-retirement medical benefits through the TPAF and PERS. It created separate funds outside of the pension plans for the funding and payment of post-retirement medical benefits for retired State employees and retired educational employees. As of June 30, 2015, there were 107,314 retirees receiving post-retirement medical benefits, and the State contributed \$1.25 billion on their behalf. The cost of these benefits is funded through contributions by the State in accordance with P.L. 1994 Chapter 62. Funding of post-retirement medical premiums changed from a prefunding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992 Chapter 126, which provides employer paid health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education or county college with 25 years of service. The State paid \$214.1 million toward Chapter 126 benefits for 19,056 eligible retired members in Fiscal Year 2015.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 10. POST-RETIREMENT BENEFITS, (continued)

The School Employees Health Benefits Program (SEHBP) Act is found in New Jersey Statutes Annotated, Title 52, Article 17.25 et. seq. Rules governing the operation and administration of the program are found in Title 17, Chapter 9 of the New Jersey Administrative Code. The State of New Jersey Division of Pensions and Benefits issues a publicly available financial report that includes financial statements and required supplementary information for SEHBP. That report may be obtained from the Treasury website at: <http://www.nj.gov/treasury/pensions/pdf/financial/2015divisioncombined.pdf>.

NOTE 11. DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Valic	Metropolitan
Lincoln	Equitable

NOTE 12. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

There has been no significant reduction in insurance coverage from the previous year nor have there been any settlements in excess of insurance coverages.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the “Benefit Reimbursement Method”. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District’s expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>Interest Earnings/ District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2015-2016	\$81	\$41,555	\$32,843	\$53,524
2014-2015	17	43,461	46,472	44,731
2013-2014	21	41,121	46,067	47,725

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 12. RISK MANAGEMENT, (continued)

The District is a member of the New Jersey School Board Association Insurance Group (the “Group”). The Group provides a procedure for the development, administration, and provision of Risk Management Programs, a Joint-Self-Insurance Fund or Funds, Joint Insurance Purchases and related services for members and their employees for the following:

- a. Worker’s Compensation and Employers’ Liability
- b. Automobile and Equipment Liability, General Liability and Property Damage
- c. School Board Legal Liability
- d. Boiler and Machinery
- e. Umbrella Liability

Membership in the Group shall be open to all qualified New Jersey School Board as determined by the Group’s Trustees. The Boards may apply for membership by resolution of their respective Boards of Education. A majority of the Trustees shall be members or employees of the Group’s member boards of education. Six (6) Trustees shall be members of the school board of a member district. One (1) Trustee shall be the business official/board secretary of a member district. One (1) Trustee shall be the superintendent of a member district. The President of the New Jersey School Board Association or designee shall serve ex-officio.

Members may renew their participation by execution of a new agreement to join the Group ninety (90) days prior to the expiration of the term period.

NOTE 13. CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Borough of Ringwood Board of Education by inclusion of \$1.00 on October 3, 2000 for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district’s approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 13. CAPITAL RESERVE ACCOUNT, (continued)

The activity of the capital reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015		\$654,994
Withdrawals:		
Transfer to Capital Projects Fund	\$199,044	
Local Share of Capital Projects	<u>4,936</u>	
		<u>(203,980)</u>
Ending balance, June 30, 2016		<u>\$451,014</u>

NOTE 14. EMERGENCY RESERVE ACCOUNT

The emergency reserve is used to accumulate funds in accordance with N.J.S.A. 18A:7F-41c(1) to finance unanticipated general fund expenditures required for a thorough and efficient education. Unanticipated means reasonably unforeseeable and shall not include additional costs caused by poor planning. The maximum balance permitted at any time in this reserve is the greater of \$250,000 or 1% of the general fund budget not to exceed one million dollars. Deposits may be made to the emergency reserve account by board resolution at year end of any unanticipated revenue or unexpended line item appropriation or both. Withdrawals from the reserve require the approval of the commissioner unless the withdrawal is necessary to meet an increase in total health care costs in excess of four percent.

The activity of the emergency reserve for the July 1, 2015 to June 30, 2016 fiscal year is as follows:

Beginning balance, July 1, 2015	<u>\$250,000</u>
Ending balance, June 30, 2016	<u>\$250,000</u>

NOTE 15. MAINTENANCE RESERVE ACCOUNT:

The account is maintained in the general fund. The maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCRA (N.J.A.A. 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

Beginning balance, July 1, 2015	\$96,930
Withdrawals	<u>(9,810)</u>
Ending balance, June 30, 2016	<u>\$87,120</u>

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 16. FUND BALANCE APPROPRIATED

General Fund - Of the \$1,557,904 General Fund fund balance at June 30, 2016, \$11,179 is reserved for encumbrances; \$615,233 is reserved as excess surplus in accordance with N.J.S.A. 18A:7F-7 (\$615,233 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2017); \$451,014 has been reserved in the Capital Reserve Account; \$87,120 has been reserved in the Maintenance Reserve Account; \$250,000 has been reserved in the Emergency Reserve Account; \$4,524 has been appropriated and included as anticipated revenue for the year ending June 30, 2017; and \$138,834 is unreserved and undesignated.

NOTE 17. CALCULATION OF EXCESS SURPLUS

In accordance with N.J.S.A. 18A:7F-7, as amended by P.L. 2004, c.73 (S1701), the designation for Reserved Fund Balance — Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2016 is \$-0-.

NOTE 18. INVENTORY

Inventory in the Food Service Fund at June 30, 2016 consisted of the following:

Food	\$2,161
Supplies	<u>782</u>
	<u>\$2,943</u>

The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by USDA. It is valued at estimated market prices by USDA. The amount of unused commodities at year end is reported on Schedule A as deferred revenue.

NOTE 19. CONTINGENT LIABILITIES

Grant Programs - The School District participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation - The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney, the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Borough of Ringwood School District
Notes to the Basic Financial Statements
for the fiscal year ended June 30, 2016**

NOTE 20 OTHER MATTERS

At June 30,2016, on escrow account was being held by First Hope Bank relating to the District's lease-purchase of a 2017 Bluebird Vision, 54 passenger school bus through the Passaic County Improvement Authority. The escrow balance at June 30, 2016 was \$94,206,58 and was paid to the vendor on September 2, 2016. This amount is not reflected on the District's financial statements.

NOTE 21. SUBSEQUENT EVENTS

The District has evaluated subsequent events through November 2, 2016 the date which the financial statements were available to be issued and no other items were noted for disclosure.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 17,375,076	\$ -	\$ 17,375,076	\$ 17,375,076	\$ -
Tuition	875,232	-	875,232	872,134	(3,098)
Transportation Fees	268,425	-	268,425	259,111	(9,314)
Interest Earned on Capital Reserve Funds	-	-	-	-	-
Miscellaneous	76,274	-	76,274	12,069	(64,205)
Total - Local Sources	18,595,007	-	18,595,007	18,518,390	(76,617)
State Sources:					
Equalization Aid	1,139,507	-	1,139,507	1,139,507	-
Transportation Aid	660,581	-	660,581	660,581	-
Special Education Categorical Aid	727,841	-	727,841	727,841	-
Security Aid	98,526	-	98,526	98,526	-
Adjustment Aid	159,299	-	159,299	159,299	-
Additional Adjustment Aid	99,093	-	99,093	99,093	-
PARCC Readiness Aid	11,505	-	11,505	11,505	-
Per Pupil Growth Aid	11,505	-	11,505	11,505	-
Extraordinary Aid	125,800	-	125,800	105,519	(20,281)
Medicaid Reimbursement	16,469	-	16,469	16,469	-
Other State Aid - Reimburse Nonpublic Transportation	-	-	-	9,725	9,725
On-behalf TPAF Pension (non-budgeted)	-	-	-	619,316	619,316
On-behalf TPAF NCGI Premium (non-budgeted)	-	-	-	30,850	30,850
On-behalf TPAF Post Retirement Medical (non-budgeted)	-	-	-	774,169	774,169
Reimbursed TPAF Social Security Contributions (Non-Budgeted)	-	-	-	657,728	657,728
Total State Sources	3,050,126	-	3,050,126	5,105,164	2,055,038
Total Revenues	21,645,133	-	21,645,133	23,623,554	1,978,421

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Kindergarten - Salaries of Teachers	\$ 374,615	\$ 197	\$ 374,812	\$ 374,812	\$ -
Grades 1-5 - Salaries of Teachers	3,124,686	(116,346)	3,008,340	3,007,704	636
Grades 6-8 - Salaries of Teachers	1,694,778	88,769	1,783,547	1,783,547	-
Regular Programs - Home Instruction:					
Salaries of Teachers	15,000	(9,820)	5,180	5,180	-
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	594,691	96,385	691,076	691,076	-
Purchased Technical Services	33,100	(4,759)	28,341	27,566	775
Other Purchased Services (400-500 series)	164,213	(15,938)	148,275	147,947	328
General Supplies	218,909	(13,522)	205,387	205,081	306
Textbooks	53,500	6,578	60,078	60,002	76
Other Objects		50	50	50	-
TOTAL REGULAR PROGRAMS - INSTRUCTION	6,273,492	31,594	6,305,086	6,302,965	2,121
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	154,023	(8,574)	145,449	145,449	-
Other Salaries for Instruction		-			-
General Supplies		-			-
Textbooks	300	770	1,070	1,006	64
Total Learning and/or Language Disabilities	154,323	(7,804)	146,519	146,455	64
Behavioral Disabilities:					
Salaries of Teachers	180,157	(69,678)	110,479	110,479	-
Other Salaries for Instruction	50,637	(36,318)	14,319	14,307	12
General Supplies		1,290	1,290	1,290	-
Total Behavioral Disabilities	230,794	(104,706)	126,088	126,076	12
Multiple Disabilities:					
Salaries of Teachers	63,958	(992)	62,966	62,966	-
Other Salaries for Instruction	43,038	(16,617)	26,421	26,421	-
General Supplies		410	410	410	-
Total Multiple Disabilities	106,996	(17,199)	89,797	89,797	-
Resource Room/Resource Center:					
Salaries of Teachers	1,291,226	119,103	1,410,329	1,410,152	177
General Supplies	2,000	1,934	3,934	3,869	65
Total Resource Room/Resource Center	1,293,226	121,037	1,414,263	1,414,021	242

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Autism:					
Salaries of Teachers	291,703	(11,868)	279,835	279,835	-
Other Salaries for Instruction	692,940	30,704	723,644	723,565	79
Purchased Professional-Educational Services	233,140	(87,072)	146,068	146,068	-
Other Purchased Services (400-500 series)	6,000	(3,374)	2,626	2,626	-
General Supplies	5,000	(2,001)	2,999	2,999	-
Other Objects	800	(302)	498	453	45
Total Autism	1,229,583	(73,913)	1,155,670	1,155,546	124
Preschool Disabilities - Part-Time:					
Salaries of Teachers	65,259	(8,686)	56,573	56,573	-
Other Salaries for Instruction	34,203	13,077	47,280	47,280	-
General Supplies	1,000	6	1,006	999	7
Total Preschool Disabilities - Part-Time	100,462	4,397	104,859	104,852	7
Home Instruction:					
Salaries of Teachers	6,000	(6,000)			-
Purchased Professional - Educational Services					-
Total Home Instruction	6,000	(6,000)			-
TOTAL SPECIAL EDUCATION - INSTRUCTION	3,121,384	(84,188)	3,037,196	3,036,747	449
Basic Skills/Remedial - Instruction					
Salaries of Teachers	155,077	(18,596)	136,481	136,481	-
General Supplies		422	422	422	-
Total Basic Skills/Remedial - Instruction	155,077	(18,174)	136,903	136,903	-
Bilingual Education - Instruction:					
Salaries of Teachers	33,865	1,198	35,063	35,063	-
Total Bilingual Education - Instruction	33,865	1,198	35,063	35,063	-
School-Spon. Cocurricular Actvts. - Inst.					
Salaries	29,585	1,610	31,195	30,613	582
Other Objects	4,500	(1,000)	3,500	3,365	135
Total School-Spon. Cocurricular Actvts. - Inst.	34,085	610	34,695	33,978	717
Summer School - Instruction					
Purchased Professional and Technical Services	62,500	16,550	79,050	79,050	-
Other Purchased Services (400-500 series)	1,949	1,949	1,949	1,949	-
Total Summer School - Instruction	62,500	18,499	80,999	80,999	-
TOTAL INSTRUCTION	9,680,403	(50,461)	9,629,942	9,626,655	3,287

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Instruction:					
Tuition to Other LEAs Within the State - Regular		587	587	-	587
Tuition to Other LEAs Within the State - Special		-			-
Tuition to CSSD & Regional Day Schools		-			-
Tuition to Private Schools for the Disabled - Within State	229,200	41,065	270,265	270,265	-
Tuition to Private Schools for the Disabled - Outside State	-	55,781	55,781	55,781	-
Total Undistributed Expenditures - Instruction:	229,200	97,433	326,633	326,046	587
Undistributed Expend. - Attend. & Social Work					
Salaries	12,609	4,886	17,495	17,338	157
Undist. Expend. - Health Services	12,609	4,886	17,495	17,338	157
Salaries	377,056	8,851	385,907	385,907	-
Purchased Professional and Technical Services	5,800	3,350	9,150	8,850	300
Supplies and Materials	8,050	(2,605)	5,445	5,283	162
Other Objects	-	149	149	149	-
Total Undistributed Expenditures - Health Services	390,906	9,745	400,651	400,189	462
Undist. Expend. - Speech, OT, PT & Related Serv.					
Salaries	441,683	(32,656)	409,027	405,958	3,069
Purchased Professional - Educational Services		31,625	31,625	30,995	630
Supplies and Materials	4,000	(419)	3,581	3,439	142
Total Undist. Expend. - Speech, OT, PT & Related Serv.	445,683	(1,450)	444,233	440,392	3,841
Undist. Expend. - Guidance					
Salaries of Other Professional Staff	208,450	60,875	269,325	269,325	-
Salaries of Secretarial and Clerical Assistants	11,617	2,258	13,875	13,875	-
Purchased Professional - Educational Services	3,500	(635)	2,865	2,865	-
Supplies and Materials	300	(165)	135	60	75
Total Undist. Expend. - Other Supp. Serv. Students - Reg.	223,867	62,333	286,200	286,125	75
Undist. Expend. Child Study Teams					
Salaries of Other Professional Staff	652,291	(97,422)	554,869	554,869	-
Salaries of Secretarial and Clerical Assistants	47,803	4,201	52,004	52,004	-
Purchased Professional - Educational Services	173,388	78,355	251,743	249,648	2,095
Other Purchased Prof. and Tech. Services	2,000	1,531	3,531	3,531	-
Other Purchased Services (400-500 series)	7,400	(2,821)	4,579	4,579	-
Supplies and Materials	11,000	(1,901)	9,099	9,099	-
Other Objects	11,000	1,845	12,845	12,845	-
Total Undist. Expend. - Other Supp. Serv. Students - Spec.	904,882	(16,212)	888,670	886,575	2,095

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
General Fund
Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. Imp. Of Instructional Services					
Salaries of Supervisors of Instruction	116,413	2,190	118,603	118,603	-
Salaries of Secretarial and Clerical Assistants	50,099	1,626	51,725	51,725	-
Other Salaries	10,000	(4,957)	5,043	5,040	3
Purchased Professional - Educational Services	4,700	3,398	3,398	3,398	-
Other Purchased Services (400-500 series)	3,200	(3,575)	1,125	1,067	58
Supplies and Materials		1,071	4,271	4,271	-
Other Objects		495	495	495	-
Total Undist. Expend. Imp. Of Instructional Services	184,412	248	184,660	184,599	61
Undist. Expend. - Edu. Media Serv./Sch. Library					
Salaries	182,424	10,972	193,396	193,396	-
Supplies and Materials	15,650	(2,136)	13,514	13,514	-
Total Undist. Expend. - Edu. Media Serv./Sch. Library	198,074	8,836	206,910	206,910	-
Undist. Expend. - Instructional Staff Training Serv.					
Purchased Professional - Educational Services	300	300	300	300	-
Other Purchased Services (400-500 series)	11,000	(1,307)	9,693	9,693	-
Total Undist. Expend. - Instructional Staff Training Serv.	11,000	(1,007)	9,993	9,993	-
Undist. Expend. - Supp. Serv. - General Admin.					
Salaries	221,353	28,292	249,645	249,318	327
Legal Services	18,250	61,577	79,827	79,827	-
Audit Fees	22,100	2,191	24,291	24,291	-
Architectural/Engineering Services	13,000	(13,000)	-	-	-
Other Purchased Professional Services	11,600	(2,650)	8,950	8,650	300
Purchased Technical Services		-	-	-	-
Communications/Telephone	31,403	(1,974)	29,429	28,454	975
BOE Other Purchased Services	200	257	457	348	109
Misc. Purchased Services (400-500 series)	23,721	(3,715)	20,006	20,006	-
General Supplies	3,500	(2,414)	1,086	1,086	-
Miscellaneous Expenditures	12,515	(2,583)	9,932	9,932	-
BOE Membership Dues and Fees	13,600	(2,654)	10,946	10,946	-
Total Undist. Expend. - Supp. Serv. - General Admin.	371,242	63,327	434,569	432,858	1,711
Undist. Expend. - Support Serv. - School Admin.					
Salaries of Principals/Assistant Principals	507,944	(11,578)	496,366	496,366	-
Salaries of Secretarial and Clerical Assistants	220,016	23,673	243,689	243,689	-
Other Salaries		8,810	8,810	8,810	-
Purchased Professional and Technical Services		-	-	-	-
Other Purchased Services (400-500 series)	7,789	36	7,825	7,825	-
Supplies and Materials	11,465	(3,787)	7,678	7,578	100
Other Objects	5,800	2,281	8,081	8,081	-
Total Undist. Expend. - Support Serv. - School Admin.	753,014	19,435	772,449	772,349	100

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undistributed Expenditures - Central Services					
Salaries	268,742	32,770	301,512	300,901	611
Unused Vacation Pay to Term./Retired Staff		6,317	6,317	6,317	-
Purchased Professional Services		2,785	2,785	2,785	-
Purchased Technical Services		500	500	500	-
Supplies and Materials	6,000	(12)	5,988	5,988	-
Miscellaneous Expenditures	3,000	(1,185)	1,815	1,815	-
Total Undistributed Expenditures - Central Services	277,742	41,175	318,917	318,306	611
Undistributed Expenditures - Admin. Info. Tech.					
Salaries	61,105	2,395	63,500	63,500	-
Other Objects		300	300	300	-
Total Undistributed Expenditures - Admin. Info. Tech.	61,105	2,695	63,800	63,800	-
Undist. Expend. - Required Maintenance for School Facilities					
Salaries	270,890	(432)	270,458	270,458	-
Cleaning, Repair, and Maintenance Services	180,585	(44,951)	135,634	131,806	3,828
General Supplies	68,880	(5,194)	63,686	63,686	-
Other Objects	357	(252)	105	105	-
Total Undist. Expend. - Required Maintenance for School Facilities	520,712	(50,829)	469,883	466,055	3,828
Undist. Expend. - Custodial Services					
Salaries	580,429	(26,653)	553,776	553,776	-
Cleaning, Repair and Maintenance Services	17,250	(12,812)	4,438	4,438	-
Insurance	164,375	6,636	171,011	171,011	-
Miscellaneous Purchased Services	18,000	(4,777)	13,223	13,193	30
General Supplies	49,500	(3,175)	46,325	46,325	-
Energy (Natural Gas)	141,900	(27,347)	114,553	114,553	-
Energy (Electricity)	212,400	-	212,400	211,913	487
Energy (Oil)	22,000	(10,079)	11,921	11,921	-
Energy (Gasoline)	40,600	(18,878)	21,722	21,641	81
Other Objects	875	(257)	618	240	378
Total Undist. Expend. - Custodial Services	1,247,329	(97,342)	1,149,987	1,149,011	976
Undist. Expend. - Care and Upkeep of Grounds:					
Salaries	13,600	(7,415)	6,185	6,185	-
Total Undist. Expend. - Care & Upkeep of Grounds Security:	13,600	(7,415)	6,185	6,185	-
Total Security	4,200	6,752	10,952	10,952	-
Total Undist. Expend. - Oper. & Maint. Of Plant	1,785,841	(148,834)	1,637,007	1,632,203	4,804

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Undist. Expend. - Student Transportation Serv.					
Salaries of Non-Instructional Aides	47,947	(14,442)	33,505	33,505	-
Sal. For Pup.Trans. (Bet. Home and School) - Regular	677,532	(76,147)	601,385	598,698	2,687
Sal. For Pup.Trans. (Bet. Home and School) - Special	178,308	(28,492)	149,816	149,816	-
Sal. For Pup. Trans. (Other than Bet. Home and School)	6,000	(3,970)	2,030	-	2,030
Sal. For Pup. Trans. (Bet. Home and School) Non-Public	166,124	17,070	183,194	183,194	-
Unused Vacation Pay to Term./Retired Staff		15,649	15,649	15,649	-
Cleaning, Repair and Maintenance Services		2,147	47,147	47,147	-
Lease Purchase Payments - School Buses	45,000	(1,782)	188,218	188,218	-
Contract Services - Aid in Lieu Payments - Non Public	190,000	995	33,995	33,882	113
Contract Services - (Between Home and School) - Vendors	100,000	2,833	102,833	102,833	-
Misc. Purchased Serv. - Transportation	15,000	-	15,000	14,064	936
General Supplies	181,000	(48,179)	132,821	86,609	46,212
Transportation Supplies	45,000	(4,931)	40,069	40,069	-
Other Objects	14,000	(2,612)	11,388	11,088	300
	<u>1,698,911</u>	<u>(141,861)</u>	<u>1,557,050</u>	<u>1,504,772</u>	<u>52,278</u>
Total Undist. Expend. - Student Transportation Serv. ALLOCATED BENEFITS:					
Regular Programs-Instruction					
Health Benefits	1,544,010	1,872	1,545,882	1,545,602	280
	<u>1,544,010</u>	<u>1,872</u>	<u>1,545,882</u>	<u>1,545,602</u>	<u>280</u>
Total Regular Programs-Instruction					
Special Programs-Instruction	564,865	(12,325)	552,540	552,540	-
	<u>564,865</u>	<u>(12,325)</u>	<u>552,540</u>	<u>552,540</u>	<u>-</u>
Total Special Programs-Instruction					
Health Services	65,045	(8,041)	57,004	57,004	-
Health Benefits	65,045	(8,041)	57,004	57,004	-
	<u>65,045</u>	<u>(8,041)</u>	<u>57,004</u>	<u>57,004</u>	<u>-</u>
Total Health Services					
Other Support Services-Speech, OT, PT Related Services	97,856	(2,269)	95,587	95,587	-
Health Benefits	97,856	(2,269)	95,587	95,587	-
	<u>97,856</u>	<u>(2,269)</u>	<u>95,587</u>	<u>95,587</u>	<u>-</u>
Total Other Support Services-Speech, OT, PT Related Services					
Other Support Services-Guidance	37,656	(2,337)	35,319	35,319	-
Health Benefits	37,656	(2,337)	35,319	35,319	-
	<u>37,656</u>	<u>(2,337)</u>	<u>35,319</u>	<u>35,319</u>	<u>-</u>
Total Other Support Services-Guidance					

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Other Support Services-Child Study Teams					
Health Benefits	133,087	(13,843)	119,244	119,244	-
Total Other Support Services-Child Study Teams	<u>133,087</u>	<u>(13,843)</u>	<u>119,244</u>	<u>119,244</u>	<u>-</u>
Imp. Of Instructional Services:					
Health Benefits	37,062	1,235	38,297	38,297	-
Total Imp. Of Instructional Services:	<u>37,062</u>	<u>1,235</u>	<u>38,297</u>	<u>38,297</u>	<u>-</u>
Educational Media Services-School Library					
Health Benefits	17,681	(4,383)	13,298	13,298	-
Total Educational Media Services-School Library	<u>17,681</u>	<u>(4,383)</u>	<u>13,298</u>	<u>13,298</u>	<u>-</u>
Support Services-General Administration					
Health Benefits	25,927	-	25,927	25,927	-
Total Support Services-General Administration	<u>25,927</u>	<u>-</u>	<u>25,927</u>	<u>25,927</u>	<u>-</u>
Support Services-School Administration					
Health Benefits	52,008	-	52,008	52,008	-
Total Support Services-School Administration	<u>52,008</u>	<u>-</u>	<u>52,008</u>	<u>52,008</u>	<u>-</u>
Support Services-Central Services					
Health Benefits	17,442	(5,000)	12,442	12,442	-
Total Support Services-Central Services	<u>17,442</u>	<u>(5,000)</u>	<u>12,442</u>	<u>12,442</u>	<u>-</u>
Support Services-Admin. Information Technology					
Health Benefits	9,778	(5,000)	4,778	4,778	-
Total Support Services-Admin. Information Technology	<u>9,778</u>	<u>(5,000)</u>	<u>4,778</u>	<u>4,778</u>	<u>-</u>
Operation and Maintenance of Plant Services					
Health Benefits	302,957	17,882	320,839	320,839	-
Total Operation and Maintenance of Plant Services	<u>302,957</u>	<u>17,882</u>	<u>320,839</u>	<u>320,839</u>	<u>-</u>
Transportation Services					
Health Benefits	498,102	76,280	574,382	574,382	-
Total Transportation Services	<u>498,102</u>	<u>76,280</u>	<u>574,382</u>	<u>574,382</u>	<u>-</u>
TOTAL ALLOCATED BENEFITS	<u>3,403,476</u>	<u>44,071</u>	<u>3,447,547</u>	<u>3,447,267</u>	<u>280</u>
UNALLOCATED BENEFITS					
Group Insurance	1,400	(119)	1,281	691	590
Social Security Contributions	368,932	7,056	375,988	363,107	12,881
Other Retirement Contributions - PERS	419,144	(17,594)	401,550	401,550	-
Other Retirement Contributions - Regular	25,000	(3,819)	21,181	19,510	1,671
Unemployment Compensation		118	118	118	-
Workmen's Compensation	155,308	84,375	239,683	239,683	-
Tuition Reimbursement	57,000	(1,585)	55,415	55,096	319
Other Employee Benefits	50,000	12,773	62,773	62,773	-
TOTAL UNALLOCATED BENEFITS	<u>1,076,784</u>	<u>81,205</u>	<u>1,157,989</u>	<u>1,142,528</u>	<u>15,461</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
On-behalf TPAF Pension (non-budgeted)		-		619,316	(619,316)
On-behalf TPAF NCGI Premium (non-budgeted)		-		30,850	(30,850)
On-behalf TPAF Post Retirement Medical (non-budgeted)		-		774,169	(774,169)
Reimbursed TPAF Social Security Contributions (non-budgeted)		-		657,728	(657,728)
TOTAL ON-BEHALF CONTRIBUTIONS	-	-	-	2,082,063	(2,082,063)
TOTAL PERSONAL SERVICES - EMPLOYEE BENEFITS	4,480,260	125,276	4,605,536	6,671,858	(2,066,322)
TOTAL UNDISTRIBUTED EXPENDITURES	12,028,748	126,025	12,154,773	14,154,313	(1,999,540)
TOTAL GENERAL CURRENT EXPENSE	21,709,151	75,564	21,784,715	23,780,968	(1,996,253)
CAPITAL OUTLAY					
Equipment					
Grades 1-5		16,895	16,895	14,011	2,884
Grades 6-8		2,400	2,400	2,400	-
Undistributed Expenditures - Req. Maint. School Facilities		4,197	4,197	4,197	-
Undistributed Expenditures - Student Transp. - Non-Inst. Equip.	18,500	1,426	19,926	19,926	-
Total Equipment	18,500	24,918	43,418	40,534	2,884
Facilities Acquisition and Construction Services					
Infrastructure		5,066	5,066	5,066	-
Capital Outlay - Trans. To Capital Projects		-	-	-	-
Total Facilities Acquisition and Construction Services		5,066	5,066	5,066	-
Assets Acquired Under Capital Leases (non-budgeted)	-				
Undistributed Expenditures:					
Instructional Equipment		-		105,256	(105,256)
Student Transportation		-		105,256	(105,256)
Assets Acquired Under Capital Leases (non-budgeted)	-		-	200,512	(200,512)
TOTAL CAPITAL OUTLAY	18,500	29,984	48,484	150,856	(102,372)
TOTAL EXPENDITURES	21,727,651	105,548	21,833,199	23,931,824	(2,098,625)

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(82,518)	(105,548)	(188,066)	(308,270)	(120,204)
Other Financing Sources (Uses):					
Operating Transfer Out:					
Interest Deposit to Capital Reserve	(3,700)	-	(3,700)		3,700
Capital Reserve - Transfer to Capital Projects	(235,000)	-	(235,000)	(199,044)	35,956
Withdrawal from Maintenance Reserve		-			-
Capital Leases (non-budgeted)				105,256	105,256
Total Other Financing Sources (Uses):	<u>(238,700)</u>	<u>-</u>	<u>(238,700)</u>	<u>(93,788)</u>	<u>144,912</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(321,218)	(105,548)	(426,766)	(402,058)	24,708
Fund Balance, July 1	2,248,847		2,248,847	2,248,847	-
Fund Balance, June 30	<u>\$ 1,927,629</u>	<u>\$ (105,548)</u>	<u>\$ 1,822,081</u>	<u>\$ 1,846,789</u>	<u>\$ 24,708</u>
Adjustment for prior year encumbrances		(96,521)	(96,521)	(96,521)	
Withdrawal from Capital Reserve - Transfer to Capital Projects	(235,000)	(9,027)	(235,000)	(199,044)	35,956
Withdrawal from Maintenance Reserve	(86,218)		(86,218)	(9,810)	(783)
Budgeted Fund Balance	<u>(321,218)</u>	<u>(105,548)</u>	<u>(426,766)</u>	<u>(402,058)</u>	<u>(10,465)</u>
Total					<u>24,708</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Budgetary Comparison Schedule
 General Fund
 Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual Favorable (Unfavorable)
Recapitulation:					
Restricted Fund Balance:					
Capital Reserve				451,014	
Maintenance Reserve				87,120	
Emergency Reserve				250,000	
Excess Surplus - Designated for Subsequent Year's Expenditures				615,233	
Committed Fund Balance:					
Year End Encumbrances				11,179	
Assigned Fund Balance:					
Designated for Subsequent Year's Expenditures				4,524	
Unassigned Fund Balance				427,719	
				<u>1,846,789</u>	
Reconciliation to Governmental Funds Statements (GAAP):					
Last State Aid Payment not recognized on GAAP basis				(288,885)	
Fund Balance per Governmental Funds (GAAP)				<u>\$ 1,557,904</u>	

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Special Revenue Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers/ Adjustments	Final Budget	Actual	Variance Final to Actual
REVENUES:					
Local Sources	\$ -	\$ 113,175	\$ 113,175	\$ 107,112	\$ (6,063)
State Sources	245,300	(13,765)	231,535	162,123	(69,412)
Federal Sources	406,200	105,198	511,398	484,280	(27,118)
Total Revenues	651,500	204,608	856,108	753,515	(102,593)
EXPENDITURES:					
Instruction					
Salaries of Teachers	64,000	10,101	74,101	72,456	1,645
Other Salaries for Instruction	10,000	-	10,000	10,000	-
Purchased Professional - Educational Services	193,600	(14,452)	179,148	109,807	69,341
Other Purchased Professional Services	225,000	12,438	237,438	225,000	12,438
Tuition	31,400	114,778	146,178	140,062	6,116
General Supplies	15,900	(1,967)	13,933	13,915	18
Textbooks		878	878		878
Other Objects					
Total Instruction	539,900	121,776	661,676	571,240	90,436
Support Services					
Personal Services - Employee Benefits	12,300	2,728	15,028	15,028	-
Purchased Professional - Educational Services	99,300	73,279	172,579	160,526	12,053
General Supplies		300	300	196	104
Other Objects		-			-
Total Support Services	111,600	76,307	187,907	175,750	12,157
Facilities Acquisition and Construction Services:					
Non-instructional Equipment		6,525	6,525	6,525	-
Total Facilities Acquisition and Construction Services	-	6,525	6,525	6,525	-
Total Expenditures	651,500	204,608	856,108	753,515	102,593
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Required Supplementary Information
Budgetary Comparison Schedule
Note to Required Supplementary Information - Part II
For the Fiscal Year Ended June 30, 2016

**Note A - Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

		General Fund	Special Revenue Fund
Sources/inflows of resources			
Actual amounts (budgetary basis) "revenue"			
from the budgetary comparison schedule	[C-1]&[C-2]	\$23,623,554	\$ 753,515
Difference - budget to GAAP:			
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.			
Add Prior Year Encumbrances			7,765
Less Current Year Encumbrances			(7,862)
State aid payment recognized for GAAP statements in the current year, previously recognized for budgetary purposes.		288,085	-
State aid payment recognized for budgetary purposes, not recognized for GAAP statements until the subsequent year.		(288,885)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	[B-2]	\$23,622,754	\$ 753,418
Uses/outflows of resources			
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	[C-1]&[C-2]	\$23,931,824	\$ 753,515
Differences - budget to GAAP			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.			
Add Prior Year Encumbrances			7,765
Less Current Year Encumbrances			(7,862)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	[B-2]	\$23,931,824	\$ 753,418

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - PERS
*Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>
Districts proportion of the net pension liability (asset)	0.0466334964%	0.0452943393%
District's proportionate share of the net pension liability (asset)	\$ 10,468,285	\$ 8,480,339
District's covered payroll - PERS	\$ 3,185,939	\$ 3,105,240
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	328.58%	273.10%
Plan fiduciary net position as a percentage of the total pension liability	47.93%	52.08%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Contributions - PERS
*Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 400,923.00	\$ 373,400.00
Contributions in relation to the contractually required contribution	<u>\$ (400,923.00)</u>	<u>\$ (373,400.00)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll - PERS	\$ 3,185,939	\$ 3,105,240
Contributions as a percentage of covered payroll	12.58%	12.02%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedules of Required Supplementary Information
Schedule of District's Share of Net Pension Liability - TPAF
*Last 10 Fiscal Years**

	<u>2016</u>	<u>2015</u>
Districts proportion of the net pension liability (asset)	0.0879285641%	0.0907566602%
District's proportionate share of the net pension liability (asset)	\$ -	\$ -
State's proportionate share of the net pension liability Associated with the District (asset)	\$ 55,574,607	\$ 48,506,481
District's covered payroll - TPAF	\$ 9,138,481	\$ 9,405,646
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	28.71%	33.64%

* GASB requires that ten years of information be presented. However, since fiscal year 2015 was the first year of GASB 68 implementation ten years is not presented. Each year thereafter, an additional year will be included until ten years of data is presented.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Note to Required Schedules of Supplementary Information - Part III
For the Fiscal Year Ended June 30, 2016

PUBLIC EMPLOYEES RETIREMENT SYSTEM (PERS)

Change in benefit terms

None

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 5.39% to 4.90%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

TEACHERS PENSION AND ANNUITY FUND (TPAF)

Change in benefit terms

Change in assumptions

The calculation of the discount rate used to measure the total pension liability is dependent upon the long-term expected rate of return, and the municipal bond index rate. There was a change in the municipal bond index rate from the prior measurement date (4.29%) to the current measurement date (3.80%), resulting in a change in the discount rate from 4.68% to 4.13%. This change in the discount rate is considered to be a change in actuarial assumptions under GASBS No. 68.

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1a)	Title I 2015-2016	Title I Carryover	Title II, Part A 2015-2016	Title II, Part A Carryover	Totals 2016
REVENUES						
Local Sources	\$ 107,112	\$ -	\$ -	\$ -	\$ -	\$ 107,112
State Sources	162,123	-	-	-	-	\$ 162,123
Federal Sources	338,243	118,048	2,401	24,072	1,516	\$ 484,280
Total Revenues	607,478	118,048	2,401	24,072	1,516	753,515
EXPENDITURES:						
Instruction:						
Salaries of Teachers	26,301	46,155	-	10,000	-	72,456
Other Salaries for Instruction	-	-	-	-	-	10,000
Purchased Professional - Educational Services	-	-	-	-	-	-
Other Purchased Professional Services	109,807	-	-	-	-	109,807
Tuition	225,000	-	-	-	-	225,000
General Supplies	135,495	3,500	-	1,067	-	140,062
Textbooks	13,915	-	-	-	-	13,915
Other Objects	-	-	-	-	-	-
Total instruction	510,518	49,655	-	11,067	-	571,240
Support services:						
Salaries of Other Professional Staff	-	-	-	-	-	-
Personal Services - Employee Benefits	-	12,428	-	2,600	-	15,028
Purchased Professional - Educational Services	90,435	55,769	2,401	10,405	1,516	160,526
Other Purchased Professional Services	-	-	-	-	-	-
Travel	-	-	-	-	-	-
General Supplies	-	196	-	-	-	196
Textbooks	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-
Total support services	90,435	68,393	2,401	13,005	1,516	175,750
Facilities acquisition and const. serv.:						
Buildings	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	-	-
Non-instructional Equipment	6,525	-	-	-	-	6,525
Total facilities acquisition and const. serv.	6,525	-	-	-	-	6,525
Total Expenditures	607,478	118,048	2,401	24,072	1,516	753,515
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1b)	L.D.E.A., Basic		L.D.E.A., Preschool		N.J Non-Public Technology Aid	Total Carried Forward
		2015-2016	Carryover	2015-2016	Carryover		
REVENUES							
Local Sources	\$ 107,112	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 107,112
State Sources	155,790	-	-	-	-	6,333	162,123
Federal Sources	-	315,019	8,321	1,382	13,521	-	338,243
Total Revenues	262,902	315,019	8,321	1,382	13,521	6,333	607,478
EXPENDITURES:							
Instruction:							
Salaries of Teachers	12,780	-	-	-	13,521	-	26,301
Other Salaries for Instruction	-	-	-	-	-	-	-
Purchased Professional - Educational Services	-	-	-	-	-	-	-
Other Purchased Professional Services	109,807	-	-	-	-	-	109,807
Tuition	-	225,000	-	-	-	-	225,000
General Supplies	117,780	10,000	-	1,382	-	6,333	135,495
Textbooks	13,915	-	-	-	-	-	13,915
Other Objects	-	-	-	-	-	-	-
Total instruction	254,282	235,000	-	1,382	13,521	6,333	510,518
Support services:							
Salaries of Other Professional Staff	-	-	-	-	-	-	-
Personal Services - Employee Benefits	-	-	-	-	-	-	-
Purchased Professional - Educational Services	2,095	80,019	8,321	-	-	-	90,435
Other Purchased Professional Services	-	-	-	-	-	-	-
Travel	-	-	-	-	-	-	-
General Supplies	-	-	-	-	-	-	-
Textbooks	-	-	-	-	-	-	-
Other Objects	-	-	-	-	-	-	-
Total support services	2,095	80,019	8,321	-	-	-	90,435
Facilities acquisition and const. serv.:							
Buildings	-	-	-	-	-	-	-
Instructional Equipment	-	-	-	-	-	-	-
Non-instructional Equipment	6,525	-	-	-	-	-	6,525
Total facilities acquisition and const. serv.	6,525	-	-	-	-	-	6,525
Total Expenditures	262,902	315,019	8,321	1,382	13,521	6,333	607,478
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
 For the Fiscal Year Ended June 30, 2016

	Total Brought Forward (Ex. E-1c)	N.J. Nonpublic		N.J. Nonpublic Handicapped Services		N.J. Non-Public Textbook Aid	Total Carried Forward
		Nursing Aid	Supplemental Instruction	Chapter 193 Examination & Classification	Corrective Speech		
REVENUES							
Local Sources	\$ 107,112					\$ -	\$ 107,112
State Sources	54,744	23,448	20,419	28,467	14,797	13,915	155,790
Federal Sources	-						-
Total Revenues	161,856	23,448	20,419	28,467	14,797	13,915	262,902
EXPENDITURES							
Instruction:							
Salaries of Teachers	-	\$ 12,780					12,780
Other Salaries for Instruction	-						-
Purchased Professional - Educational Services	-						-
Other Purchased Professional Services	46,124		20,419	28,467	14,797		109,807
Tuition	-						-
General Supplies	107,112	10,668					117,780
Textbooks	-					13,915	13,915
Other Objects	-						-
Total instruction	153,236	23,448	20,419	28,467	14,797	13,915	254,282
Support services:							
Salaries of Other Professional Staff	-						-
Personal Services - Employee Benefits	-						-
Purchased Professional - Educational Services	2,095						2,095
Other Purchased Professional Services	-						-
Travel	-						-
General Supplies	-						-
Textbooks	-						-
Other Objects	-						-
Total support services	2,095	-	-	-	-	-	2,095
Facilities acquisition and const. serv.:							
Building	-						-
Instructional Equipment	-						-
Non-instructional Equipment	6,525						6,525
Total facilities acquisition and const. serv.	6,525	-	-	-	-	-	6,525
Total Expenditures	161,856	23,448	20,419	28,467	14,797	13,915	262,902
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Special Revenue Fund
 Combining Schedule of Revenues and Expenditures - Budgetary Basis (Cont'd.)
 For the Fiscal Year Ended June 30, 2016

	N.J. Nonpublic Auxiliary Services Chapter 192				Total Carried Forward
	Comp. Ed.	ESL	Home Instr.	Non-Public Security Aid	
REVENUES					
Local Sources	45,261	863	2,095		\$ 107,112
State Sources				6,525	54,744
Federal Sources					-
Total Revenues	45,261	863	2,095	6,525	161,856
EXPENDITURES					
Instruction:					
Salaries of Teachers					-
Other Salaries for Instruction					-
Purchased Professional - Educational Services					-
Other Purchased Professional Services	45,261	863			46,124
Tuition					-
General Supplies					-
Textbooks					107,112
Other Objects					-
Total instruction	45,261	863	-	-	153,236
Support services:					
Salaries of Other Professional Staff					-
Personal Services - Employee Benefits					-
Purchased Professional - Educational Services			2,095		2,095
Other Purchased Professional Services					-
Travel					-
General Supplies					-
Textbooks					-
Other Objects					-
Total support services	-	-	2,095	-	2,095
Facilities acquisition and const. serv.:					
Building					-
Instructional Equipment					-
Non-instructional Equipment				6,525	6,525
Total facilities acquisition and const. serv.	-	-	-	6,525	6,525
Total Expenditures	45,261	863	2,095	6,525	161,856
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)	\$ -	\$ -	\$ -	\$ -	\$ -

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Capital Projects Fund
Summary Schedule of Project Expenditures
For the Fiscal Year Ended June 30, 2016

Project Title/Issue	Approval Date	Revised Budgetary Appropriations	GAAP Expenditures to Date		Unexpended Appropriations June 30, 2016
			Prior Years	Current Year	
Renovations - Eleanor G. Hewitt School	4/27/2011	11,195,000	11,003,935		191,065
Boiler Replacement - M.J. Ryerson Middle School	8/20/2015	498,058	33,346	464,083	629
Boiler Replacement - Peter Cooper Elementary School	8/20/2015	382,138	26,207	343,970	11,961
Boiler Replacement - Robert Erskine Elementary School	8/20/2015	328,848	26,204	295,848	6,796
Window Replacement - M.J. Ryerson Middle School	8/20/2015	216,000	15,199		200,801
Totals		\$ 12,620,044	\$ 11,104,891	\$ 1,103,901	\$ 411,252

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budgetary Basis
Capital Projects Fund
For the Year Ended June 30, 2016

Revenues and Other Financing Sources:

State Sources - SDA Grant	
Bond proceeds and transfers	
Transfer from capital reserve	199,044
Interest Income	370
Total Revenues	199,414

Expenditures and Other Financing Uses:

Architectural/Engineering services	12,428
Purchased professional and technical services	186,641
Construction services	904,832
General Supplies	
Equipment	
Other Objects	
Transfer to Debt Service Fund	370
Total Expenditures	1,104,271

Excess (Deficiency) of revenues over (under) expenditures	(904,857)
Fund Balance - Beginning	1,316,109
Fund Balance - Ending	\$ 411,252

Recapitulation:

Fund Balance	\$ 411,252
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Reconciliation to Governmental Funds Statements (GAAP):

SDA Grants receivable not recognized on GAAP Basis	(79,570)
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Fund Balance per Governmental Funds (GAAP)	\$ 331,682
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BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Eleanor G. Hewitt School Renovations
From Inception and for the Year Ended June 30, 2016

	<u>Prior Periods</u>	<u>Current Period</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
Revenues and Other Financing Sources:				
Bond proceeds and transfers	\$11,195,000		\$11,195,000	\$11,195,000
Bond proceeds and transfers				
Transfer from capital reserve	-		-	-
Transfer from capital outlay	-		-	-
Total Revenues	<u>11,195,000</u>	<u>-</u>	<u>11,195,000</u>	<u>11,195,000</u>
Expenditures and Other Financing Uses:				
Architectural/Engineering services	937,370		937,370	937,370
Purchased professional and technical services	614,975		614,975	614,975
Construction services	9,219,054		9,219,054	9,219,054
General Supplies	42,998		42,998	42,998
Equipment	146,130		146,130	146,130
Other Objects	43,408		43,408	43,408
Total Expenditures	<u>11,003,935</u>	<u>-</u>	<u>11,003,935</u>	<u>11,003,935</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 191,065</u>	<u>\$ -</u>	<u>\$ 191,065</u>	<u>\$ 191,065</u>

Additional Project Information:

Project Number	4400-050-11-1000
Grant Date/Letter of Notification	N/A
Bond Authorization/Referendum Date	4/27/2011
Bonds Authorized	\$11,195,000
Bonds Issued	\$11,195,000
Original Project Authorized Cost	\$11,195,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$11,195,000
Percentage Increase Over	
Original Authorized Cost	N/A
Percentage Completion	100%

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - M.J. Ryerson Middle School
From Inception and for the Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 156,000		156,000	\$ 156,000
Bond proceeds and transfers	315,000		315,000	159,000
Transfer from capital reserve	75,000	108,058	183,058	183,058
Transfer from capital outlay	-		-	-
Total Revenues	<u>546,000</u>	<u>108,058</u>	<u>654,058</u>	<u>498,058</u>
Expenditures and Other Financing Uses:				
Architectural / Engineering services	27,371	4,469	31,840	31,840
Purchased professional and technical services	5,975	73,614	79,589	79,589
Construction services		386,000	386,000	386,000
General Supplies				
Equipment				
Other Objects				
Transfer to Debt Service Fund	156,000		156,000	
Total Expenditures	<u>189,346</u>	<u>464,083</u>	<u>653,429</u>	<u>497,429</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 356,654</u>	<u>\$ (356,025)</u>	<u>\$ 629</u>	<u>\$ 629</u>

Additional Project Information:

Project Number	4400-053-14-1001
Grant Date/Letter of Notification	8/20/2015
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$390,000
Additional Authorized Cost	\$108,058
Revised Authorized Cost	\$498,058
Percentage Increase Over	
Original Authorized Cost	28%
Percentage Completion	100%

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - Peter Cooper Elementary School
From Inception and for the Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 124,000		\$ 124,000	\$ 124,000
Bond proceeds and transfers	\$ 235,000		235,000	\$ 111,000
Transfer from capital reserve	75,000	72,138	147,138	147,138
Transfer from capital outlay	-		-	
Total Revenues	<u>434,000</u>	<u>72,138</u>	<u>506,138</u>	<u>382,138</u>
Expenditures and Other Financing Uses:				
Architectural / Engineering services	20,991	3,982	24,973	24,973
Purchased professional and technical services	5,216	68,156	73,372	73,372
Construction services		271,832	271,832	271,832
General Supplies				
Equipment				
Other Objects				
Transfer to Debt Service Fund	124,000		124,000	
Total Expenditures	<u>150,207</u>	<u>343,970</u>	<u>494,177</u>	<u>370,177</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 283,793</u>	<u>\$ (271,832)</u>	<u>\$ 11,961</u>	<u>\$ 11,961</u>

Additional Project Information:

Project Number	4400-055-14-1002
Grant Date/Letter of Notification	8/20/2015
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$310,000
Additional Authorized Cost	\$72,138
Revised Authorized Cost	\$382,138
Percentage Increase Over	
Original Authorized Cost	23%
Percentage Completion	100%

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Boiler Replacement - Robert Erskine Elementary School
From Inception and for the Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 124,000		\$ 124,000	\$ 124,000
Bond proceeds and transfers	\$ 235,000		235,000	111,000
Transfer from capital reserve	75,000	18,848	93,848	93,848
Transfer from capital outlay	-		-	-
Total Revenues	<u>434,000</u>	<u>18,848</u>	<u>452,848</u>	<u>328,848</u>
Expenditures and Other Financing Uses:				
Architectural / Engineering services	20,989	3,977	24,966	24,966
Purchased professional and technical services	5,215	44,871	50,086	50,086
Construction services		247,000	247,000	247,000
General Supplies				
Equipment				
Other Objects				
Transfer to Debt Service Fund	124,000		124,000	
Total Expenditures	<u>150,204</u>	<u>295,848</u>	<u>446,052</u>	<u>322,052</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 283,796</u>	<u>\$ (277,000)</u>	<u>\$ 6,796</u>	<u>\$ 6,796</u>

Additional Project Information:

Project Number	4400-060-14-1003
Grant Date/Letter of Notification	8/20/2015
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$310,000
Additional Authorized Cost	\$18,848
Revised Authorized Cost	\$328,848
Percentage Increase Over	
Original Authorized Cost	6%
Percentage Completion	100%

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Schedule of Project Revenues, Expenditures, Project Balance, and Project Status - Budgetary Basis
Window Replacement - Martin J. Ryerson Middle School
From Inception and for the Year Ended June 30, 2016

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Period</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Cost</u>
Revenues and Other Financing Sources:				
State Sources - SDA Grant	\$ 86,400		\$ 86,400	\$ 86,400
Bond proceeds and transfers	\$ 141,000		141,000	\$ 54,600
Transfer from capital reserve	75,000		75,000	75,000
Transfer from capital outlay			-	-
Total Revenues	<u>302,400</u>	<u>-</u>	<u>302,400</u>	<u>216,000</u>
Expenditures and Other Financing Uses:				
Architectural / Engineering services	15,199		15,199	15,199
Purchased professional and technical services				
Construction services				
General Supplies				
Equipment				
Other Objects			-	
Transfer to Debt Service Fund	86,400		86,400	
Total Expenditures	<u>101,599</u>	<u>-</u>	<u>101,599</u>	<u>15,199</u>
Excess (Deficiency) of revenues over (under) expenses	<u>\$ 200,801</u>	<u>\$ -</u>	<u>\$ 200,801</u>	<u>\$ 200,801</u>

Additional Project Information:

Project Number	4400-053-14-1004
Grant Date/Letter of Notification	8/20/2015
Bond Authorization/Referendum Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Project Authorized Cost	\$216,000
Additional Authorized Cost	N/A
Revised Authorized Cost	\$216,000
Percentage Increase Over	
Original Authorized Cost	N/A
Percentage Completion	0%

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Net Position
Enterprise Funds
June 30, 2016

	<u>Food Service</u>	<u>Safety Town</u>	<u>Summer Music</u>	<u>Totals</u>
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 69,007	\$ 5,313	\$ 12,899	\$ 87,219
Interfund receivables	4,391			4,391
Inventories	2,943	-		2,943
Total current assets	<u>76,341</u>	<u>5,313</u>	<u>12,899</u>	<u>94,553</u>
Noncurrent assets:				
Furniture, machinery & equipment	152,540			152,540
Less accumulated depreciation	<u>(114,990)</u>			<u>(114,990)</u>
Total noncurrent assets	<u>37,550</u>	<u>-</u>	<u>-</u>	<u>37,550</u>
Total assets	<u>113,891</u>	<u>5,313</u>	<u>12,899</u>	<u>132,103</u>
LIABILITIES				
Current liabilities:				
Accounts payable	24,117	2,877	8,844	35,838
Interfund payables	2,222			2,222
Total current liabilities	<u>26,339</u>	<u>2,877</u>	<u>8,844</u>	<u>38,060</u>
Total liabilities	<u>26,339</u>	<u>2,877</u>	<u>8,844</u>	<u>38,060</u>
NET POSITION				
Net Investment in capital assets	37,550	-	-	37,550
Unrestricted	50,002	2,436	4,055	56,493
Total net position	<u>\$ 87,552</u>	<u>\$ 2,436</u>	<u>\$ 4,055</u>	<u>\$ 94,043</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Revenues, Expenses, and Changes in Fund Net Position
Enterprise Funds
For the Year Ended June 30, 2016

	<u>Food Service</u>	<u>Safety Town</u>	<u>Summer Music</u>	<u>Total Enterprise</u>
Operating revenues:				
Charges for services:				
Daily sales - reimbursable programs	\$ 351,435	\$ -	\$ -	\$ 351,435
Special functions	3,529			3,529
Miscellaneous		3,365	14,337	17,702
Total operating revenues	<u>354,964</u>	<u>3,365</u>	<u>14,337</u>	<u>372,666</u>
Operating expenses:				
Cost of sales	200,262			200,262
Salaries	139,568	2,877	7,200	149,645
Employee benefits	64,480			64,480
Cleaning, repair and maintenance services	4,139			4,139
Purchased services	26,898			26,898
Miscellaneous Expense	12,107			12,107
General supplies	4,010	732	10,502	15,244
Depreciation	5,450			5,450
Total Operating Expenses	<u>456,914</u>	<u>3,609</u>	<u>17,702</u>	<u>478,225</u>
Operating income (loss)	<u>(101,950)</u>	<u>(244)</u>	<u>(3,365)</u>	<u>(105,559)</u>
Non-operating revenues (expenses):				
State sources:				
State school lunch program	4,279			4,279
Federal sources:				
National school lunch program	72,350			72,350
Food distribution program	26,981			26,981
Interest and investment revenue	<u>115</u>	<u>4</u>	<u>7</u>	<u>126</u>
Total non-operating revenues (expenses)	<u>103,725</u>	<u>4</u>	<u>7</u>	<u>103,736</u>
Income (loss) before contributions & transfers	1,775	(240)	(3,358)	(1,823)
Capital contributions	-			-
Transfers in (out)				
Change in net position	<u>1,775</u>	<u>(240)</u>	<u>(3,358)</u>	<u>(1,823)</u>
Total net position—beginning	<u>85,777</u>	<u>2,676</u>	<u>7,413</u>	<u>95,866</u>
Total net position—ending	<u>\$ 87,552</u>	<u>\$ 2,436</u>	<u>\$ 4,055</u>	<u>\$ 94,043</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Cash Flows
Enterprise Funds
For the Year Ended June 30, 2016

	<u>Food Service</u>	<u>Safety Town</u>	<u>Summer Music</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers and other funds	\$ 354,964	\$ 3,365	\$ 15,387	\$ 373,716
Payments to employees	(139,568)	(2,877)	(7,200)	(149,645)
Payments for employee benefits	(64,480)	-	-	(64,480)
Payments to suppliers	(250,762)	(735)	(10,169)	(261,666)
Net cash provided by (used for) operating activities	<u>(99,846)</u>	<u>(247)</u>	<u>(1,982)</u>	<u>(102,075)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State sources	4,545	-	-	4,545
Federal sources	102,177	-	-	102,177
Net cash provided by (used for) non-capital financing activities	<u>106,722</u>	<u>-</u>	<u>-</u>	<u>106,722</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchases of Capital Assets	(3,518)	-	-	(3,518)
Net cash provided by (used for) capital and related financing activities	<u>(3,518)</u>	<u>-</u>	<u>-</u>	<u>(3,518)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends	115	4	7	126
Net cash provided by (used for) investing activities	<u>115</u>	<u>4</u>	<u>7</u>	<u>126</u>
Net increase (decrease) in cash and cash equivalents	3,473	(243)	(1,975)	1,255
Balances—beginning of year	65,534	5,556	14,874	85,964
Balances—end of year	<u>\$ 69,007</u>	<u>\$ 5,313</u>	<u>\$ 12,899</u>	<u>\$ 87,219</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	\$ (101,950)	\$ (244)	\$ (3,365)	\$ (105,559)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities				
Depreciation and net amortization	5,450	-	-	5,450
(Increase) decrease in accounts receivable, net	-	-	1,050	1,050
(Increase) decrease in inventories	14	-	-	14
Increase (decrease) in accounts payable	(3,360)	(3)	333	(3,030)
Total adjustments	<u>2,104</u>	<u>(3)</u>	<u>1,383</u>	<u>3,484</u>
Net cash provided by (used for) operating activities	<u>\$ (99,846)</u>	<u>\$ (247)</u>	<u>\$ (1,982)</u>	<u>\$ (102,075)</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Fiduciary Net Position
Trust and Agency Funds
June 30, 2016

	Trust		Agency		Total Agency Fund
	Unemployment Compensation	Total Trust Fund	Student Activity	Payroll	
Assets					
Cash and cash equivalents	\$ 59,197	\$ 59,197	\$ 34,039	\$ 476,592	\$ 510,631
Total assets	<u>59,197</u>	<u>59,197</u>	<u>34,039</u>	<u>476,592</u>	<u>510,631</u>
Liabilities					
Accounts payable	5,673	5,673			-
Interfund payables		-		9	9
Payable to student groups		-	34,039		34,039
Payroll deductions and withholdings		-		476,583	476,583
Total liabilities	<u>5,673</u>	<u>5,673</u>	<u>\$ 34,039</u>	<u>\$ 476,592</u>	<u>\$ 510,631</u>
Net Position					
Reserved	53,524	53,524			
Total net position	<u>\$ 53,524</u>	<u>\$ 53,524</u>			

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Combining Statement of Changes in Fiduciary Net Position
Trust Funds
For the Year Ended June 30, 2016

	Unemployment Compensation Trust	Total Trusts
ADDITIONS		
Contributions:		
Plan member	\$ 41,555	\$ 41,555
Other		-
Total Contributions	<u>41,555</u>	<u>41,555</u>
Investment earnings:		
Interest	81	81
Net investment earnings	<u>81</u>	<u>81</u>
Total additions	<u>41,636</u>	<u>41,636</u>
DEDUCTIONS		
Quarterly contribution reports	16,956	16,956
Unemployment claims	<u>15,887</u>	<u>15,887</u>
Total deductions	<u>32,843</u>	<u>32,843</u>
Change in net position	8,793	8,793
Net position—beginning of the year	<u>44,731</u>	<u>44,731</u>
Net position—end of the year	<u>\$ 53,524</u>	<u>\$ 53,524</u>

**BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
 Student Activity Agency Fund
 Schedule of Receipts and Disbursements
 For the Fiscal Year Ended June 30, 2016**

	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursed</u>	<u>Accounts Payable June 30, 2016</u>	<u>Balance June 30, 2016</u>
Elementary Schools	\$ 12,880	18,199	19,800		\$ 11,279
Middle School	17,911	121,601	116,752		22,760
Total Elementary Schools	<u>\$ 30,791</u>	<u>\$ 139,800</u>	<u>\$ 136,552</u>	<u>\$ -</u>	<u>\$ 34,039</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Payroll Agency Fund
Schedule of Receipts and Disbursements
For the Fiscal Year Ended June 30, 2016

	<u>Balance June 30, 2015</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Balance June 30, 2016</u>
Net Payroll	\$ -	\$ 8,589,742	\$ 8,589,742	\$ -
Payroll deductions and withholdings	20,188	6,841,015	6,384,620	476,583
Interfund payable	9	118	118	9
Totals	<u>\$ 20,197</u>	<u>\$ 15,430,875</u>	<u>\$ 14,974,480</u>	<u>\$ 476,592</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	
			Date	Amount		July 1, 2015	June 30, 2016
School District Bonds	July 15, 2008	1,328,000	1/15/2017	95,000	4.250%		
			1/15/2018	100,000	4.250%		
			1/15/2019	105,000	4.250%		
			1/15/2020	110,000	4.250%		
			1/15/2021	110,000	4.250%		
			1/15/2022	115,000	4.250%		
			1/15/2023	120,000	3.800%		
						\$ 845,000	\$ 755,000
						\$ -	\$ 90,000

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Long-Term Debt
Schedule of Bonds Payable
Year Ended June 30, 2016

Issue	Date of Issue	Amount of Issue	Annual Maturities		Interest Rate	Balance	
			Date	Amount		July 1, 2015	June 30, 2016
School District Bonds	September 13, 2011	11,195,000	9/1/2016	465,000	2.500%		
			9/1/2017	475,000	2.500%		
			9/1/2018	490,000	2.500%		
			9/1/2019	505,000	3.000%		
			9/1/2020	520,000	3.000%		
			9/1/2021	545,000	3.000%		
			9/1/2022	560,000	3.000%		
			9/1/2023	580,000	3.000%		
			9/1/2024	605,000	3.125%		
			9/1/2025	640,000	3.375%		
			9/1/2026	665,000	3.500%		
			9/1/2027	690,000	3.625%		
			9/1/2028	720,000	4.000%		
			9/1/2029	765,000	4.000%		
			9/1/2030	795,000	4.000%		
			9/1/2031	830,000	4.000%		
						\$ 10,310,000	\$ 9,850,000
Grand Total						\$ 11,155,000	\$ 10,605,000

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
General Long-Term Debt Account Group
Statement of Obligations Under Capital Leases
For the Fiscal Year Ended June 30, 2016

<u>Series</u>	<u>Interest Rate</u>	<u>Amount of Orig. Issue</u>	<u>Amount Outstanding July 1, 2015</u>	<u>Issued</u>	<u>Retired</u>	<u>Amount Outstanding June 30, 2016</u>
Acquisition of School Buses	3.88%	195,714	34,461		34,461	-
Acquisition of School Bus	3.20%	82,900	28,480		14,016	14,464
Acquisition of School Bus	2.70%	87,000	29,755		14,679	15,076
Acquisition of School Bus	3.20%	90,784	31,188		15,349	15,839
Acquisition of School Buses	2.40%	101,875	51,513		16,765	34,748
Acquisition of School Buses	2.40%	179,216	90,620		29,493	61,127
Acquisition of School Buses	1.95%	213,404	142,225		34,533	107,692
Acquisition of School Bus		94,196		94,196	16,447	77,749
Acquisition of Photocopiers	1.85%	128,576	61,506		26,555	34,951
Boilers/Window Replacements			926,000	11,060	473,311	463,749
			<u>\$ 1,395,748</u>	<u>\$ 105,256</u>	<u>\$ 675,609</u>	<u>\$ 825,395</u>

BOROUGH OF RINGWOOD, NEW JERSEY SCHOOL DISTRICT
Budgetary Comparison Schedule
Debt Service Fund
For the Fiscal Year Ended June 30, 2016

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Positive (Negative) Final to Actual
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 879,097	\$ -	\$ 879,097	\$ 879,097	\$ -
State Sources:					
Debt Service Aid Type II	42,810	-	42,810	42,810	-
Total - State Sources	42,810	-	42,810	42,810	-
Total Revenues	921,907	-	921,907	921,907	-
EXPENDITURES:					
Regular Debt Service:					
Principal payments-Comm. Approved lease purch.	473,508	(197)	473,311	473,311	-
Interest for Comm. Approved lease purch.	16,492	197	16,689	16,689	-
Interest	371,907	-	371,907	371,906	(1)
Redemption of Principal	550,000	-	550,000	550,000	-
Total expenditures	1,411,907	-	1,411,907	1,411,906	(1)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(490,000)	-	(490,000)	(489,999)	1
Other Financing Sources:					
Operating Transfers In:					
Interest Earned in Capital Projects Fund				370	370
Transfer from Capital Reserve-					
Local share of debt service	490,000	-	490,000		(490,000)
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures	-	-	-	(489,629)	(489,629)
Fund Balance, July 1		-		490,639	490,639
Fund Balance, June 30	\$ -	\$ -	\$ -	\$ 1,010	\$ 1,010

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Governmental Activities										
Invested in Capital Assets, Net of Related Debt	985,778	1,002,124	703,541	570,971	143,031	(9,723,632)	(827,219)	(350,659)	(904,942)	633,495
Restricted	1,110,343	524,326	578,176	936,290	1,090,895	11,661,862	3,833,114	2,670,181	3,156,626	1,751,762
Unrestricted	(118,375)	(426,002)	(263,647)	(224,912)	(174,310)	(415,855)	(222,190)	(254,934)	(9,018,577)	(9,348,256)
Total Governmental Activities Net Position	1,977,746	1,100,448	1,018,070	1,282,349	1,059,616	1,522,375	2,783,705	2,064,588	(6,766,893)	(6,962,999)
Business-type Activities										
Invested in Capital Assets, Net of Related Debt	7,028	6,086	5,143	4,200	7,827	11,352	23,034	28,419	39,482	37,550
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	54,923	61,097	69,732	77,475	80,437	88,993	84,212	75,214	56,384	56,493
Total Business-type Activities Net Position	61,951	67,183	74,875	81,675	88,264	100,345	107,246	103,633	95,866	94,043
District-wide										
Invested in Capital Assets, Net of Related Debt	992,806	1,008,210	708,684	575,171	150,858	(9,712,280)	(804,185)	(322,240)	(865,460)	671,045
Restricted	1,110,343	524,326	578,176	936,290	1,090,895	11,661,862	3,833,114	2,670,181	3,156,626	1,751,762
Unrestricted	(63,452)	(364,905)	(193,915)	(147,437)	(93,873)	(326,862)	(137,978)	(179,720)	(8,962,193)	(9,291,763)
Total District Net Position	2,039,697	1,167,631	1,092,945	1,364,024	1,147,880	1,622,720	2,890,951	2,168,221	(6,671,027)	(6,868,956)

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	Fiscal Year Ending June 30,									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Expenses										
Governmental Activities:										
Instruction:										
Regular	8,017,286	8,457,445	8,358,243	8,206,764	7,599,176	7,383,642	7,396,607	7,608,013	8,337,825	8,419,710
Special Education	2,531,784	2,661,336	2,898,870	3,168,413	3,042,314	3,059,783	3,182,943	3,364,977	3,616,889	3,589,287
Other Special Instruction	219,566	246,678	239,041	233,106	278,732	341,543	283,203	237,416	261,340	252,965
Other Instruction	40,133	44,816	39,943	29,509	33,088	31,578	24,024	26,896	25,238	33,978
Support Services:										
Tuition	800,445	843,078	907,833	829,591	764,547	737,252	615,023	771,388	431,431	326,046
Student & Instruction Related Services	1,760,116	1,821,888	1,850,606	1,988,295	2,121,111	2,060,512	2,279,982	2,869,204	2,793,211	2,966,620
School Administrative Services	929,285	915,344	951,541	995,970	1,031,395	1,078,452	996,319	843,468	797,930	824,357
General Administrative Services	527,585	568,839	609,626	456,310	445,715	444,839	472,915	433,252	456,353	458,785
Central Services & Admin. Info. Technology	470,813	439,360	401,364	417,761	392,527	431,756	345,563	372,581	402,185	399,326
Plant Operations and Maintenance	1,831,750	1,830,897	1,707,840	1,732,297	1,796,831	1,818,857	1,826,745	2,054,148	2,040,536	1,953,042
Pupil Transportation	1,836,210	1,846,766	1,734,370	1,730,454	1,911,477	1,867,112	1,848,653	1,927,602	1,769,348	1,876,856
Unallocated Benefits	2,337,371	2,734,595	1,591,583	1,690,346	2,198,759	2,575,653	2,883,901	2,677,363	5,091,191	6,282,031
Capital outlay-undepreciable	-	-	-	-	27,679	1,609	-	-	30,633	158,006
Interest on Long-term Debt	-	-	41,233	55,724	52,603	334,485	334,323	474,526	381,359	381,966
Unallocated Depreciation	310,032	298,107	318,807	323,491	706,780	243,058	29,701	977,285	809,875	685,192
Total Governmental Activities Expenses	21,612,376	22,709,149	21,650,900	21,858,031	22,402,734	22,410,131	22,519,902	24,638,119	27,245,344	28,608,167
Business-type Activities:										
Food Service	427,374	422,685	430,614	432,803	423,811	441,814	440,760	428,696	437,785	456,914
Safety Town	-	-	-	3,951	3,736	3,670	3,577	3,937	4,250	3,609
Summer Music	-	-	-	-	-	3,137	9,548	12,869	13,721	17,702
Total Business-type Activities Expenses	427,374	422,685	430,614	436,754	427,547	448,621	453,885	445,502	455,756	478,225
Total District Expenses	22,039,750	23,131,834	22,081,514	22,294,785	22,830,281	22,858,752	22,973,787	25,083,621	27,701,100	29,086,392
Program Revenues										
Governmental Activities:										
Operating Grants and Contributions	718,679	671,830	660,714	660,714	1,018,940	698,326	662,535	756,899	1,323,147	1,347,328
Total Governmental Activities Program Revenues	718,679	671,830	660,714	660,714	1,018,940	698,326	662,535	756,899	1,323,147	1,347,328

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type Activities:										
Charges for Services:										
Food Service	354,714	352,018	355,717	349,948	329,075	339,900	336,165	316,517	320,988	354,964
Safety Town				4,225	4,894	3,315	3,445	4,385	4,355	3,365
Summer Music				88,587	99,384	7,800	10,200	12,145	16,540	14,337
Operating Grants and Contributions	77,813	75,899	82,589	442,760	433,353	109,507	110,976	108,220	106,084	103,610
Total Business-type Activities Program Revenues	432,527	427,917	438,306	835,519	866,606	460,522	460,786	441,267	447,967	476,276
Total District Program Revenues	1,151,206	1,099,747	1,099,020	1,103,474	1,452,293	1,158,848	1,123,321	1,198,166	1,771,114	1,823,604
Net (Expense)/Revenue										
Governmental Activities	(20,893,697)	(22,037,319)	(20,990,186)	(21,197,317)	(21,383,794)	(21,711,805)	(21,857,367)	(23,881,220)	(25,922,197)	(27,260,839)
Business-type Activities	5,153	5,232	7,692	6,006	5,806	11,901	6,901	(4,235)	(7,789)	(1,949)
Total District-wide Net Expense	(20,888,544)	(22,032,087)	(20,982,494)	(21,191,311)	(21,377,988)	(21,699,904)	(21,850,466)	(23,885,455)	(25,929,986)	(27,262,788)
General Revenues and Other Changes in Net Position										
Governmental Activities:										
Property Taxes Levied for General Purposes	13,567,275	14,152,624	15,029,689	15,282,478	15,629,602	15,934,379	16,774,455	17,497,089	17,884,484	18,254,173
Unrestricted Federal and State Aid	5,613,014	5,698,821	4,660,088	4,778,732	4,050,113	4,696,118	4,892,662	4,661,948	6,424,029	7,557,395
Tuition Received	610,794	754,211	685,381	760,966	992,864	1,074,021	1,204,649	928,731	1,075,453	872,134
Interest on Investments	133,993	70,176	13,716	22,118	24,459	87,489	11,015	3,319	5,561	6,551
Miscellaneous Income	109,680	143,437	80,360	79,405	75,875	87,489	100,227	65,105	110,039	115,369
Transportation Fees	345,795	340,752	438,574	440,672	388,148	382,557	396,689	337,631	338,919	259,111
Federal and State Aid - Capital Outlay	-	-	-	-	-	-	-	-	-	-
Donated Assets	-	-	-	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-	-	-	-
Total Governmental Activities	20,380,551	21,160,021	20,907,808	21,364,371	21,161,061	22,174,564	23,379,697	23,493,823	25,838,485	27,064,733
Business-type Activities:										
Interest on Investments	-	-	-	794	783	180	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-	622	22	126
Transfers	-	-	-	-	-	-	-	-	-	-
Total Business-type Activities	-	-	-	794	783	180	-	622	22	126
Total District-wide	20,380,551	21,160,021	20,907,808	21,365,165	21,161,844	22,174,744	23,379,697	23,494,445	25,838,507	27,064,859
Change in Net Position										
Governmental Activities	(513,146)	(877,298)	(82,378)	167,054	(222,733)	462,759	1,522,330	(387,397)	(83,712)	(196,106)
Business-type Activities	5,153	5,232	7,692	6,800	6,589	12,081	6,901	(3,613)	(7,767)	(1,823)
Total District	(507,993)	(872,066)	(74,686)	173,854	(216,144)	474,840	1,529,231	(391,010)	(91,479)	(197,929)

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Fund Balances Governmental Funds
 Last Ten Fiscal Years
(modified accrual basis of accounting)
 Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General Fund										
Reserved	1,110,343	524,326	578,176	936,290	1,090,895	1,750,417	2,671,778	2,443,516	1,799,896	1,419,070
Unreserved	298,743	(8,636)	94,726	136,723	180,357	146,363	122,213	148,211	160,866	138,834
Total General fund	1,409,086	515,690	672,902	1,073,013	1,271,252	1,896,780	2,793,991	2,591,727	1,960,762	1,557,904
All Other Governmental Funds										
Reserved	-	-	-	-	-	9,911,445	1,161,336	226,665	1,356,730	332,692
Unreserved, Reported in:										
Special Revenue Fund	-	-	-	-	-	-	-	-	-	-
Capital Projects Fund	-	-	125,982	125,982	76,482	23,682	-	-	-	-
Debt Service Fund	-	-	4,720	5,770	6,644	6,644	-	-	-	-
Total All Other Governmental Funds	-	-	130,702	131,752	83,126	9,941,771	1,161,336	226,665	1,356,730	332,692

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Tax Levy	13,567,275	14,152,624	15,029,689	15,282,478	15,629,602	15,934,379	16,774,455	17,497,089	17,884,484	18,254,173
Other Local Revenue	1,200,262	1,308,376	1,218,031	1,303,161	1,483,555	1,550,406	1,728,124	1,380,383	1,529,972	1,253,165
State Sources	5,892,277	5,945,899	4,894,869	4,759,718	4,329,802	4,845,306	5,163,178	4,928,476	5,208,369	5,677,403
Federal Sources	439,416	424,952	425,933	776,953	737,042	542,800	381,876	444,774	404,077	484,156
Total Revenues	21,099,230	21,831,851	21,568,522	22,122,310	22,180,001	22,872,891	24,047,633	24,250,722	25,026,902	25,668,897
Expenditures										
Instruction:										
Regular	6,504,184	7,172,429	7,072,550	6,853,405	7,599,176	7,414,884	7,435,734	7,608,013	8,337,825	8,419,710
Special	2,062,112	2,259,313	2,464,620	2,655,082	3,042,314	3,059,783	3,182,943	3,364,977	3,616,889	3,589,287
Other Special Instruction	174,391	205,675	193,650	186,475	278,732	341,543	283,203	237,416	261,340	252,965
Other Instruction	32,470	37,930	34,034	29,509	33,088	31,578	24,024	26,896	25,238	33,978
Support Services:										
Tuition	800,445	843,078	907,833	829,591	764,547	737,252	615,023	771,388	431,431	326,046
Student & inst. related services	1,473,219	1,577,481	1,605,415	1,708,023	2,121,111	2,060,512	2,279,982	2,869,204	2,793,211	2,966,620
General administration	490,941	520,069	576,685	419,185	462,977	444,839	434,990	433,252	456,353	458,785
School administrative services	795,642	769,869	801,327	826,100	1,031,395	1,078,452	996,319	843,468	797,930	824,357
Central services	344,549	338,843	311,735	316,567	392,527	393,831	345,563	332,888	334,223	330,748
Admin. information technology	39,611	36,246	30,085	36,000	37,925	37,925	37,925	39,693	67,962	68,578
Plant operations and maintenance	1,658,586	1,680,587	1,552,789	1,564,299	1,796,831	1,818,857	1,845,887	2,054,148	2,040,536	1,953,042
Pupil transportation	1,694,317	1,757,165	1,650,275	1,605,747	2,071,994	2,012,073	2,026,773	2,148,439	1,959,030	2,079,154
Employee benefits	5,503,017	5,375,348	4,165,744	4,561,726	2,236,356	2,705,237	2,898,226	2,693,093	2,922,803	3,224,591
Capital Outlay	219,482	279,059	1,270,409	52,852	349,616	1,494,586	9,280,393	1,253,130	487,543	1,261,282
Debt Service:										
Principal				73,000	75,000	80,000	80,000	525,000	535,000	1,023,311
Interest and Other Charges			28,220	56,440	53,338	50,150	568,138	400,056	386,488	388,595
Total Governmental Fund Expenditures	21,772,966	22,853,092	22,665,371	21,774,001	22,309,002	23,761,502	32,335,123	25,601,061	25,453,802	27,201,049
Excess (Deficiency) of Revenues Over (Under) Expenditures	(673,736)	(1,021,241)	(1,096,849)	348,309	(129,001)	(888,611)	(8,287,490)	(1,350,339)	(426,900)	(1,532,152)
Other Financing Sources (Uses)										
Operating Transfers In			32940	67,426	85,577	99,190	77,011	84,711	817,922	199,414
Operating Transfers Out			(32940)	(67,426)	(85,577)	(99,190)	(82,413)	(84,711)	(817,922)	(199,414)
Proceeds from Borrowing			1328000			11,195,000				
Funding of Temporary Notes										
Capital Leases (non-budgeted)	203,922	127,845	56,763	52,852	278,614	177,784	409,668	213,404	926,000	105,256
Total Other Financing Sources (Uses)	203,922	127,845	1,384,763	52,852	278,614	11,372,784	404,266	213,404	926,000	105,256
Net Changes in Fund Balance	(469,814)	(893,396)	287,914	401,161	149,613	10,484,173	(7,883,224)	(1,136,935)	499,100	(1,426,896)
Debt Service as a percentage of noncapital expenditures			0.13%	0.60%	0.58%	0.58%	2.81%	3.80%	3.69%	5.44%

Source: District records.

Note: Noncapital expenditures are total expenditures less capital outlay.

Central Service and Administrative Information Technology account classifications were added beginning with year end June 30,2005.

Prior to June 30,2005, Central Service and Administrative Information Technology were combined in Other Support Services as Business and Other Support Services.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
General Fund - Other Local Revenue by Source
Last Ten Fiscal Years
Unaudited

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest</u> <u>Income</u>	<u>Transportation</u> <u>Fees</u>	<u>Tuition</u>	<u>Rentals</u>	<u>Miscellaneous</u>	<u>Annual Totals</u>
2007	133,993	345,795	610,794	55,000	54,680	1,200,262
2008	70,176	340,752	754,211	100,000	43,237	1,308,376
2009	13,716	438,574	685,381	75,000	5,360	1,218,031
2010	22,118	440,672	760,966	75,000	4,405	1,303,161
2011	25,334	388,148	992,864	75,000	2,209	1,483,555
2012	13,291	382,557	1,074,021	75,000	5,537	1,550,406
2013	16,417	396,689	1,204,649	95,000	15,369	1,728,124
2014	3,319	337,631	928,731	65,000	105	1,334,786
2015	5,561	338,919	1,075,453	49,000	1,608	1,470,541
2016	6,181	259,111	872,134	4,600	1,288	1,143,314

Source: District records.

BOROUGH OF RINGWOOD SCHOOL DISTRICT

Assessed and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Vacant Land	Residential	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Less:		Public Utilities	Net Assessed Valuation	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
								Tax Exempt Property	a				
									b				
2006	36,491,500	776,476,460	2,755,230	27,927,400	17,687,900	0	861,318,490	0	1,179,728	862,498,218	1,827,554,813	1.574	
2007	34,966,300	784,304,460	2,853,430	26,239,900	17,824,100	0	866,188,190	0	1,129,473	867,317,663	1,838,700,889	1.632	
2008	34,544,900	787,768,560	2,853,730	26,299,900	17,824,100	0	869,291,190	0	1,084,483	870,375,673	1,986,231,254	1.727	
2009	78,944,500	1,538,576,800	4,820,700	67,758,300	33,800,900	0	1,723,901,200	0	2,638,490	1,726,539,690	1,969,028,284	0.885	
2010	77,893,500	1,534,609,300	5,638,700	65,443,100	33,014,800	0	1,716,599,400	0	2,386,377	1,718,985,777	1,849,100,408	0.909	
2011	76,695,000	1,532,454,400	6,372,600	65,268,000	32,787,200	0	1,713,577,200	0	0	1,713,577,200	1,788,226,664	0.930	
2012	75,741,900	1,532,168,100	6,040,500	64,018,300	32,787,200	0	1,710,756,000	0	0	1,710,756,000	1,732,676,783	0.981	
2013*	72,592,500	1,296,995,400	4,944,700	58,605,700	27,696,500	0	1,460,834,800	0	0	1,460,834,800	1,663,039,694	1.198	
2014	72,228,000	1,299,371,100	4,943,600	57,819,200	26,997,700	0	1,461,359,600	0	0	1,461,359,600	1,631,134,925	1.224	
2015	72,018,900	1,299,987,900	4,942,500	67,867,900	24,401,100	0	1,469,218,300	0	0	1,469,218,300	1,638,586,197	1.242	

Source: Passaic County, Abstract of Ratables and Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation.

*Reassessment occurs when County Board of Taxation requests Treasury to order a reassessment.

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies.

b Tax rates are per \$100 of assessed value.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
 Last Ten Fiscal Years
(rate per \$100 of assessed value)
Unaudited

Fiscal Year Ended June 30,	Ringwood School District Direct Rate			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct School Tax Rate	Lakeland Regional School District	Borough of Ringwood	County of Passaic	
2006	1.574	-	1.574	1.024	0.894	1.018	4.510
2007	1.632	-	1.632	1.005	0.977	1.046	4.660
2008	1.727	-	1.727	1.020	1.024	1.152	4.923
2009	0.885	-	0.885	0.531	0.539	0.574	2.529
2010	0.909	-	0.909	0.537	0.586	0.578	2.610
2011	0.930	-	0.930	0.524	0.599	0.601	2.654
2012	0.981	-	0.981	0.525	0.632	0.643	2.781
2013	1.198	-	1.198	0.566	0.748	0.767	3.279
2014	1.224	-	1.224	0.631	0.753	0.789	3.397
2015	1.242	-	1.242	0.668	0.757	0.849	3.516

Source: Municipal Tax Collector

Note: NJSIA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy. The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

^a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

^b Rates for debt service are based on each year's requirements.

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
Principal Property Taxpayers,
Current Year and Ten Years Ago
Unaudited**

	2016			2006		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
North Jersey District Water Supply	\$ 59,043,000	1	4.02%	\$ 23,179,000	1	2.69%
Ringwood Plaza, Ltd. Partnership	11,536,700	3	0.79%	5,237,400	2	0.61%
Franciscan Sisters of Ringwood Serler, LLC	3,615,700	6	0.25%	4,530,900	3	0.53%
Ringwood Associates (c/o Berger)	7,125,800	4	0.49%	2,702,400	4	0.31%
BHR Ringwood Real Estate LLC	5,898,200	5	0.40%	2,189,000	5	0.25%
Public Service Electric & Gas Co. Carey & Company, LLC	2,967,500	8	0.20%	1,904,900	6	0.22%
Ponderosa Group, LLC	3,061,700	7	0.21%	1,680,100	7	0.19%
Ringwood Commons, LLC	2,852,900	10	0.19%	1,592,600	9	0.18%
Spring Lake Land, LLC	2,890,600	9	0.20%	1,613,000	8	0.18%
Tennessee Gas Transmission	12,442,400	2	0.85%	1,434,100	10	0.17%
Total	\$ 111,434,500		7.60%	\$ 46,063,400		5.33%

Source: Municipal Tax Assessor

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
Property Tax Levies and Collections,
Last Ten Fiscal Years
Unaudited**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy ^a		Collections in Subsequent Years
		Amount	Percentage of Levy	
2007	13,567,275	13,567,275	100.00%	-
2008	14,152,624	14,152,624	100.00%	-
2009	15,029,689	15,029,689	100.00%	-
2010	15,282,478	15,282,478	100.00%	-
2011	15,629,602	15,629,602	100.00%	-
2012	15,934,379	15,934,379	100.00%	-
2013	16,774,455	16,774,455	100.00%	-
2014	17,497,089	17,497,089	100.00%	-
2015	17,884,484	17,884,484	100.00%	-
2016	18,254,173	18,254,173	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

a

School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases			
2007	-	-	453,724	-	-	453,724	0.09%	36.14
2008	-	-	418,330	-	-	418,330	0.08%	33.30
2009	1,328,000	-	340,515	-	-	1,668,515	0.32%	132.40
2010	1,255,000	-	275,446	-	-	1,530,446	0.30%	120.39
2011	1,180,000	-	393,543	-	-	1,573,543	0.29%	128.60
2012	12,295,000	-	435,319	-	-	12,730,319	2.41%	1,039.55
2013	12,215,000	-	666,863	-	-	12,881,863	2.33%	1,044.42
2014	11,690,000	-	659,430	-	-	12,349,430	2.24%	998.90
2015	11,155,000	-	1,395,748	-	-	12,550,748	2.31%	1,010.53
2016	10,605,000	-	825,395	-	-	11,430,395	Not Available	Not Available

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years
Unaudited

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2007	-	-	-	0.00%	-
2008	-	-	-	0.00%	-
2009	1,328,000	-	1,328,000	0.15%	105.38
2010	1,255,000	-	1,255,000	0.07%	98.73
2011	1,180,000	-	1,180,000	0.07%	96.44
2012	12,295,000	-	12,295,000	0.72%	1,004.00
2013	12,215,000	-	12,215,000	0.71%	990.35
2014	11,690,000	-	11,690,000	0.80%	945.56
2015	11,155,000	-	11,155,000	0.76%	898.15
2016	10,605,000	-	10,605,000	0.72%	Not Available

Notes: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit J-6 for property tax data.

b Population data can be found in Exhibit J-14.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of June 30, 2016
Unaudited

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Borough of Ringwood	\$ 12,118,705	100.000%	\$ 12,118,705
County of Passaic	345,384,061	4.481%	15,476,660
Other debt	None		-
Subtotal, overlapping debt			27,595,365
Borough of Ringwood School District Direct Debt:			
Authorized but Not Issued			-
Issued and Outstanding			10,605,000
Total direct and overlapping debt			<u><u>\$ 38,200,365</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the Passaic County Board of Taxation.
 Debt outstanding data provided by each governmental unit.

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of Ringwood. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Legal Debt Margin Information,
Last Ten Fiscal Years
Unaudited

Legal Debt Margin Calculation for Fiscal Year 2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Debt limit	\$ 44,614,942	\$ 49,881,671	\$ 57,587,431	\$ 57,860,253	\$ 55,994,271	\$ 53,789,473	\$ 51,930,187	\$ 50,323,199	\$ 49,267,423	\$ 48,984,003
Total net debt applicable to limit	-	-	1,328,000	1,255,000	12,375,000	12,295,000	12,215,000	11,690,000	11,155,000	10,605,000
Legal debt margin	\$ 44,614,942	\$ 49,881,671	\$ 56,259,431	\$ 56,605,253	\$ 43,619,271	\$ 41,494,473	\$ 39,715,187	\$ 38,633,199	\$ 38,112,423	\$ 38,379,003
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	2.31%	2.17%	22.10%	22.86%	23.52%	23.23%	22.64%	21.65%

Equalized valuation basis	2015	\$ 1,639,386,632
	2014	\$ 1,629,163,434
	2013	\$ 1,629,850,273
		<u>\$ 4,898,400,339</u>
Average equalized valuation of taxable property		\$ 1,632,800,113
Debt limit (3% of average equalization value)		48,984,003
Total Net Debt Applicable to Limit		<u>10,605,000</u>
Legal debt margin		<u>\$ 38,379,003</u>

Source: Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years
Unaudited

Year	Population ^a	Personal Income (Thousands) ^b	Per Capita Personal Income ^c	Unemployment Rate ^d
2006	12,555	475,395,075	37,865	3.80%
2007	12,561	505,241,103	40,223	2.80%
2008	12,602	523,688,712	41,556	4.60%
2009	12,712	513,895,312	40,426	8.80%
2010	12,236	516,701,808	42,228	9.20%
2011	12,246	529,137,414	43,209	9.00%
2012	12,334	553,796,600	44,900	8.90%
2013	12,363	552,477,744	44,688	5.90%
2014	12,420	542,592,540	43,687	4.70%
2015	12,448	543,815,776	43,687	4.70%

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development. Estimates as of July 1, 2006-15.

^b Personal Income of the District is based on the population and per capita income.

^c Per capita personal income by county estimated based upon Census Bureau midyear population estimates.

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Principal Employers,
Current Year and Ten Years Ago
Unaudited

	2016		2006			
Employer	Employees	Rank [Optional]	Percentage of Total Municipal Employment	Employees	Rank [Optional]	Percentage of Total Municipal Employment
	-		0.00%	-		0.00%

Information Not Available

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Full-time Equivalent District Employees by Function/Program
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Instruction:										
Regular	88	85	84	80	72	77	70	75	79	77
Special Education	22	21	22	22	24	26	24	25	30	29
Other Special Instruction	4	4	4	4	5	5	4	5	3	4
Other Instruction	10	-	-	-	-	-	-	-	-	-
Support Services:										
Student & Instruction Related Services	5	8	13	16	9	13	18	17	17	19
School Administrative Services	5	12	11	11	11	11	11	10	11	11
General Administrative Services	2	3	3	3	3	3	3	5	6	6
Central Services & Admin. Info. Technology	-	-	-	-	-	-	-	-	1	1
Plant Operations and Maintenance	15	15	15	15	13	13	13	14	15	14
Pupil Transportation	30	32	30	30	31	29	29	29	26	25
Business and Other Support Services	-	6	6	6	6	6	6	6	5	5
Special Schools	-	-	-	-	-	-	-	-	-	-
Food Service	-	-	-	-	-	-	-	-	-	-
Child Care	-	-	-	-	-	-	-	-	-	-
Total	181	186	188	187	174	183	178	186	193	191

Source: District Personnel Records

BOROUGH OF RINGWOOD SCHOOL DISTRICT
 Operating Statistics,
 Last Ten Fiscal Years
 Unaudited

Pupil/Teacher Ratio

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio			Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	High School				
2007	1,412	21,553,484	15,265	11.04%	130,00	13:01	12:01	14:12	1,375	-1.33%	97.38%	
2008	1,369	22,574,033	16,489	4.73%	129,00	10:01	12:01	13:72	1,315	-2.83%	95.85%	
2009	1,360	21,366,742	15,711	-5.35%	123,00	12:01	13:01	13:68	1,310	-0.29%	95.76%	
2010	1,320	21,591,709	16,357	1.05%	125,00	13:01	12:01	13:16	1,258	-3.80%	95.59%	
2011	1,287	20,608,892	16,013	-4.55%	122,00	12:01	12:01	12:81	1,221	-2.66%	95.32%	
2012	1,260	22,136,766	17,569	7.41%	121,00	10:01	12:01	12:59	1,226	-1.72%	97.38%	
2013	1,247	22,406,592	17,968	1.22%	119,00	10:01	12:01	12:56	1,199	-0.24%	95.46%	
2014	1,227	23,422,875	19,090	4.54%	109,00	11:01	11:01	12:26	1,170	-2.39%	95.43%	
2015	1,217	24,044,771	19,757	7.31%	113,00	11:01	10:01	12:32	1,179	0.49%	95.70%	
2016	1,199	24,527,861	20,457	4.72%	108,00	11:01	11:01	12:03	1,153	-2.35%	95.84%	

Sources: District records

Note: Enrollment based on annual October district count.

a Operating expenditures equal total expenditures less debt service and capital outlay.

b Teaching staff includes only full-time equivalents of certificated staff.

c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

BOROUGH OF RINGWOOD SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years
Unaudited

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>District Building</u>										
<u>Elementary</u>										
E.G. Hewitt School (1937)	40,911	40,911	40,911	40,911	40,911	40,911	48,695	48,695	48,695	48,695
Square Feet	268	270	270	270	270	270	420	420	420	420
Capacity (students)	330	310	308	308	290	290	272	284	288	273
Enrollment										
Robert Erskine School (1960)	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700	31,700
Square Feet	212	219	219	219	219	219	219	219	219	219
Capacity (students)	297	267	267	267	246	236	234	247	248	249
Enrollment										
Peter Cooper School (1963)	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213	40,213
Square Feet	277	291	291	291	291	291	291	291	291	291
Capacity (students)	276	303	284	284	292	290	290	263	260	253
Enrollment										
<u>Middle School</u>										
Martin J. Ryerson (1970)	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306	78,306
Square Feet	509	483	483	483	483	483	483	483	483	483
Capacity (students)	509	489	501	501	459	444	451	432	421	424
Enrollment										
<u>Other</u>										
Administration Building	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240	26,240
Square Feet	492	492	492	492	492	492	492	492	492	492
Transportation Office and Garage										
Square Feet										
Number of Schools at June 30, 2016										
Elementary = 3										
Middle School = 1										
Other = 2										

Source: District Facilities Office, ASSA, Long Range Facilities Plan

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of additions. Enrollment is based on the annual October district count.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
General Fund
Schedule of Required Maintenance for School Facilities
Last Ten Fiscal Years
Unaudited

UNDISTRIBUTED EXPENDITURES - REQUIRED
MAINTENANCE FOR SCHOOL FACILITIES
11-000-261-XXX

School Facilities	Project #'s	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Martin J. Ryerson Middle School	N/A	163,118	216,579	185,108	176,945	170,113	169,020	173,100	131,157	135,250	240,547
E.G. Hewitt Intermediate School	N/A	107,193	120,798	102,726	110,051	86,957	74,664	66,597	69,068	83,375	113,101
Robert Erskine Elementary School	N/A	97,872	78,672	103,156	71,659	114,999	139,063	133,820	143,332	92,950	87,171
Peter Cooper Elementary School	N/A	97,872	100,846	130,955	90,900	109,612	107,058	104,624	120,753	133,671	110,894
Total School Facilities		<u>466,055</u>	<u>516,895</u>	<u>521,945</u>	<u>449,555</u>	<u>481,681</u>	<u>489,805</u>	<u>478,141</u>	<u>464,310</u>	<u>445,246</u>	<u>551,713</u>

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
INSURANCE SCHEDULE
JUNE 30, 2016
UNAUDITED**

	<u>Coverage</u>	<u>Deductible</u>
Commercial Package Policy (1)		
Blanket Building and Contents, Limits of Liability per Occurrence	\$ 400,000,000	\$ 5,000
Crime Coverage		
Faithful Performance	\$ 500,000	\$ 1,000
Comprehensive General Liability	\$ 16,000,000	\$ 100
General Automobile Liability	\$ 16,000,000	\$ 1,000
Boiler and Machinery (1)	\$ 100,000,000	
School Board Legal Liability (2)	\$ 16,000,000	\$ 10,000
Workers' Compensation (3)	Statutory	
Student Accident Insurance (4)	\$ 1,000,000	
Surety Bonds		
Treasurer (5)	200,000	N/A
Board Secretary (6)	50,000	N/A

- (1) New Jersey SBA Insurance Group
- (2) New Jersey SBA Insurance Group
- (3) New Jersey SBA Insurance Group
- (4) National Union Fire Insurance Company
- (5) Hartford Bonding Company
- (6) Association Insurance Group

Source: District Records

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K-1
Page 1 of 2

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Honorable President and
Members of the Board of Education
Borough of Ringwood School District
County of Passaic, New Jersey

We have audited, in accordance with auditing standards generally accepted in the United States of America; audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey; and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities and each major fund and the aggregate remaining fund information of the Board of Education of the Borough of Ringwood School District, in the County of Passaic, New Jersey, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated November 2, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Borough of Ringwood Board of Education's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Borough of Ringwood Board of Education's internal control. Accordingly, we do not express an opinion on the effectiveness of the Borough of Ringwood Board of Education's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and



corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Borough of Ringwood Board of Education's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards or the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

We noted certain matters that were required to be reported to the Board of Education of the Borough of Ringwood School District in the separate Auditors' Management Report on Administrative Findings - Financial, Compliance and Performance dated November 2, 2016.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul J. Cuva

Paul J. Cuva, C.P.A.
Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 2, 2016



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K-2
Page 1 of 3

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE AND N.J. OMB CIRCULAR 15-08

Honorable President and
Members of the Board of Education
Borough of Ringwood School District
County of Passaic, New Jersey

Report on Compliance for Each Major Federal and State Program

We have audited the Board of Education of the Borough of Ringwood School District in the County of Passaic, New Jersey, compliance with the types of compliance requirements described in the *OMB Compliance Supplements* and the New Jersey State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the Borough of Ringwood Board of Education's major federal and state programs for the year ended June 30, 2016. The Borough of Ringwood Board of Education's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Borough of Ringwood Board of Education's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and N.J. OMB Circular 15-08. Those standards, the Uniform Guidance and N.J. OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether



noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal and state program occurred. An audit includes examining, on a test basis, evidence about the Borough of Ringwood Board of Education's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the Borough of Ringwood Board of Education's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the Borough of Ringwood Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the Borough of Ringwood Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Borough of Ringwood Board of Education's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and N.J. OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Borough of Ringwood Board of Education's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal and state program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal and state program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal and state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and N.J. OMB Circular 15-08. Accordingly, this report is not suitable for any other purpose.

Paul J. Cuva

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Licensed Public School Accountant
No. CS00076600

Ferraioli, Wielkocz, Cerullo & Cuva, P.A.

FERRAIOLI, WIELKOTZ, CERULLO & CUVA, P.A.
Certified Public Accountants
Pompton Lakes, New Jersey

November 2, 2016

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Federal FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period From To	Balance at June 30, 2015	Carryover/ (Walkover) Amount	Cash Received	Budgetary Expenditures	Repayment of Prior Years' Balances	Balance at June 30, 2016		MEMO Cumulative Total Expenditures	
											(Accounts Receivable)	Due to Grantor		
U.S. Department of Education														
Passed-through State Department of Education														
Special Revenue Fund:														
Title I														
84.010A	S010A150030		NCLB440016	123,780	7/1/2015 6/30/2016		(12,375)		(120,449)		(14,328)		120,449	
84.010A	S010A150030		NCLB440015	59,913	7/1/2014 6/30/2015	(12,375)	12,375	118,496	(25,588)		(8,475)		59,913	
84.367A	S-367A150029		NCLB440016	25,588	7/1/2015 6/30/2016	(10,613)	10,613	27,726	(32,340)		(8,993)		25,588	
84.027	H027A150100		IDEA440016	335,393	7/1/2014 6/30/2015	(36,252)	36,252	350,599	(14,903)		(3,862)		323,340	
84.027	H027A150100		IDEA440015	321,446	7/1/2014 6/30/2015	(36,252)	36,252	11,041					321,446	
84.173	H173A150114		IDEA440016	27,341	7/1/2015 6/30/2016								14,903	
Total Special Revenue Fund						(59,240)	-	507,862	(484,280)	-	(55,658)		885,342	
U.S. Department of Agriculture														
Passed-through State Department of Education														
Enterprise Fund:														
10.550	16161NJ304N1099		N/A	27,123	7/1/2015 6/30/2016			27,123	(26,738)		385		26,738	
10.550	16161NJ304N1099		N/A	24,883	7/1/2014 6/30/2015	243		68,212	(72,350)		(4,138)		24,883	
10.555	16161NJ304N1099		N/A	72,350	7/1/2015 6/30/2016	(6,984)		6,984					72,350	
10.555	16161NJ304N1099		N/A	76,408	7/1/2014 6/30/2015	(6,741)		102,319	(99,331)		(4,138)		76,408	
Total Enterprise Fund						(6,741)	-	102,319	(99,331)	-	(4,138)		200,379	
Total Federal Financial Awards						\$ (65,981)	\$ -	\$ 610,181	\$ (583,611)	\$ -	\$ -	\$ (39,796)	\$ -	\$ 1,088,721

NOTE: THIS SCHEDULE WAS NOT SUBJECT TO AN AUDIT IN ACCORDANCE WITH FEDERAL OMB UNIFORM GUIDANCE.

See accompanying Notes to the Schedules of Expenditures of Awards and Financial Assistance.

BOROUGH OF RINGWOOD SCHOOL DISTRICT
Schedule of State Financial Assistance
for the Fiscal Year Ended June 30, 2016

State Grant/Program Title	Grant or State Project Number	Program or Amount	Grant Period From	Grant Period To	Balance at June 30, 2015		Carryover/ (Waiver) Amount	Curb Received	Budgetary Expenditures	Adjustment of Prior Years' Balances	Balance at June 30, 2016		MEMO Cumulative Total Budgetary Receivable Expenditures	
					Deferred (Accts. Receivable)	Due to Grantor					(Accounts Receivable)	Deferred Revenue		Due to Grantor
State Department of Education														
General Fund:														
Equalization Aid	16-495-034-5120-078	\$ 1,139,507	7/1/2015	6/30/2016				1,027,456	(1,139,507)				112,051	1,139,507
Transportation Aid	16-495-034-5120-014	660,581	7/1/2015	6/30/2016				655,057	(660,581)				66,058	660,581
Special Education	16-495-034-5120-089	727,841	7/1/2015	6/30/2016				985,256	(727,841)				72,784	727,841
Security Aid	16-495-034-5120-084	98,526	7/1/2015	6/30/2016				80,903	(98,526)				9,852	98,526
Assessment Aid	16-495-034-5120-085	99,083	7/1/2015	6/30/2016				80,183	(99,083)				9,910	99,083
Administrative Aid	16-495-034-5120-098	11,505	7/1/2015	6/30/2016				10,355	(11,505)				1,150	11,505
PARCC Growth Aid	16-495-034-5120-097	11,505	7/1/2015	6/30/2016				10,355	(11,505)				1,150	11,505
Extraordinary Aid	16-100-034-5120-098	108,519	7/1/2015	6/30/2016				57,761	(108,519)				105,519	108,519
Extraordinary Aid	15-100-034-5120-473	57,761	7/1/2014	6/30/2015		(87,761)							57,761	57,761
Non-Public Transportation Aid	16-495-034-5120-014	9,725	7/1/2015	6/30/2016				7,361	(9,725)				7,361	9,725
Non-Public Transportation Aid	15-495-034-5120-014	7,361	7/1/2014	6/30/2015		(7,361)							7,361	7,361
On-Behalf TPAF Pension	16-495-034-5094-002	619,316	7/1/2015	6/30/2016				30,850	(619,316)				619,316	619,316
On-Behalf TPAF Pension	16-495-034-5094-004	70,850	7/1/2015	6/30/2016				30,850	(70,850)				30,850	70,850
Reimbursed TPAF Social Security	16-495-034-5094-003	657,728	7/1/2015	6/30/2016				624,423	(657,728)				657,728	657,728
Reimbursed TPAF Social Security	15-495-034-5094-003	708,564	7/1/2014	6/30/2015		(102,923)		102,923					708,564	708,564
Total General Fund						(108,045)		-4,856,775	(5,105,164)		(147,549)		288,885	5,878,850
Special Revenue Fund:														
N.J. Nonpublic Aid	16-100-034-5120-064	13,933	7/1/2015	6/30/2016				13,933	(13,915)				18	13,915
Textbook Aid	15-100-034-5120-064	16,087	7/1/2014	6/30/2015					(5)				16,082	16,082
Auxiliary Services	16-100-034-5120-067	54,992	7/1/2015	6/30/2016				54,992	(45,261)				45,261	45,261
Compensatory Education	15-100-034-5120-067	83,309	7/1/2014	6/30/2015					(22,305)				61,004	83,309
English as a Second Language	16-100-034-5120-067	3,451	7/1/2015	6/30/2016				3,451	(863)				2,588	3,451
Transportation	16-100-034-5120-068	24,495	7/1/2015	6/30/2016				24,495	(2,095)				24,495	24,495
Home Instruction	16-100-034-5120-067	2,095	7/1/2015	6/30/2016									2,095	2,095
Handicapped Services	16-100-034-5120-066	27,475	7/1/2015	6/30/2016				27,475	(20,419)				20,419	27,475
Supplemental Instruction	15-100-034-5120-066	32,957	7/1/2014	6/30/2015					(6,356)				26,601	32,957
Examination & Classification	16-100-034-5120-066	45,325	7/1/2015	6/30/2016				45,325	(28,467)				16,858	45,325
Commuter Allowance	15-100-034-5120-066	28,410	7/1/2014	6/30/2015					(4,148)				14,262	28,410
Examination & Classification	16-100-034-5120-066	26,505	7/1/2015	6/30/2016				23,410	(14,797)				14,262	26,505
Conversive Speech	15-100-034-5120-066	26,505	7/1/2014	6/30/2015					(13,253)				13,253	26,505
Nursing Services	16-100-034-5120-070	23,490	7/1/2015	6/30/2016				23,490	(23,448)				23,448	23,490
Nursing Services	15-100-034-5120-070	27,222	7/1/2014	6/30/2015					(2,251)				24,971	27,222
Technology Initiative	16-100-034-5120-373	6,344	7/1/2015	6/30/2016				6,344	(6,333)				6,333	6,344
Technology Initiative	15-100-034-5120-373	8,640	7/1/2014	6/30/2015					(289)				8,351	8,640
Security Aid	16-100-034-5120-509	6,525	7/1/2015	6/30/2016				6,525	(6,525)				6,525	6,525
Character Education	16-100-034-5120-509	7,076	7/1/2013	6/30/2014		762							762	7,076
Total Special Revenue Fund						762		229,440	(162,133)	(48,607)	(2,095)		762	353,097
Debt Service Fund:														
Debt Service Aid	16-495-034-5120-075	42,810	7/1/2015	6/30/2016				42,810	(42,810)					42,810
Capital Projects Fund:														
Schools Development Authority (SDA)	4400-053-14-1001	156,000							(143,114)				156,000	156,000
Schools Development Authority (SDA)	4400-055-14-1002	124,000							(113,667)				124,000	124,000
Schools Development Authority (SDA)	4400-060-14-1003	124,000							(113,667)				124,000	124,000
Schools Development Authority (SDA)	4400-053-14-1004	86,400											86,400	86,400
Total Capital Projects Fund									(370,448)		(370,448)			410,830
State Department of Agriculture														
Enterprise Fund:														
State School Lunch Program	16-100-010-3350-023	4,279	7/1/2015	6/30/2016				4,026	(4,279)		(253)			4,279
State School Lunch Program	15-100-010-3350-023	4,361	7/1/2014	6/30/2015		(519)		519					4,361	4,361
Total Enterprise Fund						(519)		4,545	(4,279)		(253)			8,640
Total State Financial Assistance						(167,802)		\$ 5,113,570	(5,684,824)	(48,607)	(520,345)		\$ 288,885	\$ 6,694,227
Less On-Behalf TPAF Pension and Annuity Aid:														
On-Behalf TPAF - Post Retirement Medical								774,169	(774,169)					774,169
On-Behalf TPAF - Pension Contributions								619,316	(619,316)					619,316
On-Behalf TPAF - Non-contributory insurance								30,850	(30,850)					30,850
								(1,424,335)	(1,424,335)					1,424,335
TOTAL FOR STATE FINANCIAL ASSISTANCE DETERMINATION						(167,802)		\$ 5,689,235	(4,260,489)	(48,607)	(520,345)		\$ 288,885	\$ 5,269,892

See accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance.

NOTE 1. GENERAL

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance include federal and state award activity of the Board of Education, Borough of Ringwood School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All federal and state awards received directly from federal and state agencies, as well as federal and state awards passed through other government agencies is included on the Schedule of Expenditures of Federal Awards and State Financial Assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 2(C) and 2(D) to the Board's basic financial statements. The information in these schedules is presented in accordance with the requirements of *2 CFR 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ in amounts presented in or used in the preparation of the basic financial statements.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

NOTE 3. RELATIONSHIP TO BASIC FINANCIAL STATEMENTS, (continued)

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(800) for the general fund and \$(97) for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board’s basic financial statements on a GAAP basis as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$	\$5,104,364	\$5,104,364
Special Revenue Fund	484,156	159,781	643,937
Capital Projects Fund		370,448	370,448
Debt Service Fund		42,810	42,810
Food Service Fund	<u>99,331</u>	<u>4,279</u>	<u>103,610</u>
Total Financial Awards	<u>\$583,487</u>	<u>\$5,681,682</u>	<u>\$6,265,169</u>

NOTE 4. RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the U.S.D.A. Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2016. TPAF Social Security Contributions represents the amount reimbursed by the state for the employer’s share of social security contributions for TPAF members for the year ended June 30, 2016.

NOTE 6. ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District’s financial statements and the amounts subject to State single audit and major program determination.

NOTE 7. INDIRECT COST RATE

The Borough of Ringwood School District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

- | | | |
|---|-----------|------------------------------|
| 1. Material weakness(es) identified? | _____ yes | _____ <u>X</u> no |
| 2. Significant deficiencies identified? | _____ yes | _____ <u>X</u> none reported |

Noncompliance material to basic financial statements noted?	_____ yes	_____ <u>X</u> no
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Federal Awards

Not Applicable

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section I - Summary of Auditor's Results, (continued)

State Awards

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X yes _____ no

Type of auditor's report issued on compliance for major programs: unmodified

Internal Control over major programs:

1. Material weakness(es) identified? _____ yes X no

2. Significant deficiencies identified that are not
considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported
in accordance with NJ OMB Circular Letter 15-08? _____ yes X no

Identification of major programs:

<u>State Grant/Project Number(s)</u>		<u>Name of State Program</u>
_____ 16-495-034-5120-078	(A)	<u>State Aid - Public Cluster:</u> _____ Equalization Aid
_____ 16-495-034-5120-089	(A)	_____ Special Education Aid
_____ 16-495-034-5120-084	(A)	_____ Security Aid
_____ 16-495-034-5120-085	(A)	_____ Adjustment Aid
_____ 16-495-034-5120-097	(A)	_____ Per Pupil Growth Aid
_____ 16-495-034-5120-098	(A)	_____ PARCC Readiness Aid

Note: (A) Tested as Major Type A Program.

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016
(continued)**

Section II - Financial Statement Findings

None

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

None

**BOROUGH OF RINGWOOD SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016**

Status of Prior Year Findings

No matters were reported.